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THE TERROR
OF CANADIAN
HOSTAGES IN IRAQ



Stepping Out

Margaret Thatcher
Prime Minister: May, 1979-Nov., 1990



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Three wise men.

Having good taste is knowing what tastes good.

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COVER

STEPPING OUT

After failing to win a first-ballot victory in the Conservative party leadership race, British Prime Minister Margaret Thatcher last week bowed to overwhelming pressure within her cabinet and abruptly announced her resignation. One of her arch-rivals, Michael Heseltine, or cabinet ministers Douglas Hurd or John Major will succeed the Iron Lady this week.

— 24



CANADA

TERROR IN IRAQ

As three MPs travelled to Baghdad last week to promote the release of Canada's 47 Persian Gulf hostages, interviews with relatives, including Jeanne Rosenberg of Calgary, revealed their lament about Ottawa's response to the crisis, and their terror as they coped with the continuing uncertainty.

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SPECIAL REPORT

OPEN BORDERS

Once known primarily for its beaches, holidays and widespread poverty, Mexico is industrialising at a breakneck pace and wants to join in a free trade zone with the United States and Canada. But many Canadian workers say that Mexico's modernization drive is threatening their jobs.

— 48



LETTERS

DEATH, TAXES AND WEALTH

So Ontario Premier Bob Rae wants to bring in an inheritance tax ("A billion-dollar windfall," *Cover*, Nov. 5). But if the government does not allow individuals to reap the rewards of hard work, innovative thinking and risk-taking with the accumulation and retention of some wealth, what rewards does it propose to offer to high achievers? Let's put aside to say that most estates reflect only the residue left after the tax man has already had a fair go! *Maggie Solikis, Melbourne, Australia*

As a member of today's younger generation starting out in the working world, I am not a beneficiary of a portion of the colossal fortune being bequeathed to the baby boomer generation by tragic, debt-ridden parents. It is ironic that the suburban generation of successful, debt-ridden baby boomers has already bequeathed colossal debt to our generation and to generations to come.

Robert Myles, Edmonton

You lump together all potential inheritances over the next 28 years into one figure. You then imply that the inheriting baby boomers will be dazzled by their newly acquired wealth into selfish irresponsibility and helplessness. However, a neutral decision is argued over the years, there is some of the lumping implied by your article.

Karel J. Krebbs, Edmonton

I believe that your article focused on a minute group of Canadians. Being born in 1950 makes me a so-called baby boomer, and I can assure you that most of my peers will not be receiving such windfall amounts. My parents were middle-class and worked very hard to amass a small sum of money that is barely enough for them to live on.

Nicole Marie Young, Montreal

Because the real problems of environmental degradation and national debt were largely created in the earnings of these windfalls, a heritage fund to begin addressing these problems should be established, using a 15 per cent inheritance levy. Let governments develop some creative approaches for encouraging investment of the remnants of these windfalls in Canadian industries. Windfalls should be kept out of the hands of those who would blow them. Personally, I would worry more about governments than heirs in this regard.

Robert J. Mitchell, Kingston, Ont.



Rae the 'remains of hard work'

A 'TERRIBLE STATEMENT'

It's "Raising the stakes" (*World*, Nov. 30, you quote External Affairs Minister Joe Clark in a speech as saying, "We should not rule out the possibility that young Canadian soldiers will not return to this country for celebrations, but will stay there for good." What a terrible state-

ment to make. Imagine the feelings of mothers who have sons or daughters in the zone when they read this.

Helmi M. Duncan, Kimberley, B.C.

The United States now seems very eager to go to war with Iraq over Kuwait but, when the Soviets invaded Afghanistan, it was not so eager to go to war. Could it be that the United States gets warlike only when it can pick on someone not quite its own size? I am not saying that Iraq is right, but, as I remember it, the Afghans did manage to force out the Soviets without the help of U.S. troops for Cambodia (over).

Doreen Fong, Edmonton

A BUG IN THE PM'S EAR

Well, now we know who is running Canada ("A scariness to scariness," *Opening Notes*, Nov. 12). So, if anyone is wondering just what the Prime Minister's new constitutional position will be, read *Le Devoir After All*, where Lisa Blomgren speaks, Brian Mulroney listens.

Leighton Smart, Surrey, B.C.

PASSAGES

RETIRED: Madeline Justice Bertha Wilson, 67, Canada's first female Supreme Court justice. Wilson announced last week that she would step down in July 4. She called "leaving my court" and the desire to spend more time "a more domestic life" with her husband, John, a retired forestry-as manager. Appointed in 1982 by Prime Minister, Wilson has been praised by experts as one of a group of Supreme Court justices who, in the way in interpreting the rights of the individual as set out in the 1982 Charter of Rights and Freedoms, had been for her 1988 declaration that the existing abortion law was unconstitutional. Wilson has also advocated Canada's new democratic system.



DEAD: British writer Ronald Dahl, 74, of undernourished children in hospital in Oxford, England. His best-known book was the children's novel *Charlie and the Chocolate Factory*, which has sold more than eight million copies in 17 languages. He also wrote best-selling short stories for adults, as well as his autobiography. Dahl was married to actress Patricia Neal for 30 years until they divorced in 1963.

DISMISSED: To two years' probation, after agreeing to a plea bargain, rock legend Chuck Berry, 63, on a charge of marijuana possession. Last July, police raided Berry's home near St. Louis, Mo., and charged him with possession and child abuse relating to the alleged seizure of kiddie-porn videotapes. The prosecution changed the possession felony to a misdemeanor and dropped

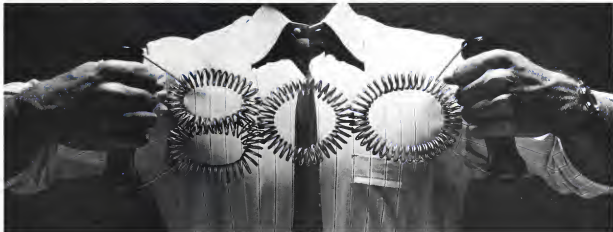
the child-abuse charges when Berry agreed not to sue for violation of his civil rights.

DIVORCING: Gatorator Bill Wyman, 64, of the Rolling Stones, and his 20-year-old wife, model Mandy Smith. Wyman and Smith began dating when she was only 15 and he was 47. Smith was 18 when they married in June, 1980. Only months after their wedding, the couple separated. Smith was released in hospital after an undisclosed menacing attack.

CLARIFIED: By a French appeals court, of plagiarism charges, author Régine Defauges. A lower court had ruled that her 1982 novel, *Blue Bicycle*, closely resembled Margaret Mitchell's *Gone with the Wind*. But the appeals court said that the books merely had similar openings.



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LETTERS

DEFENDING THE BACON

I am upset with the article "The 'Bacon Wars' show" (Canada, Oct. 22), which seems reluctant to attack North America's Premier Bacon. It is ironic that it appears in the same issue as a column by George Bass ("Media molecule can be beyond belief," Media Week) that says reporting on government gives away when reporters work as "the premiere that government is small, badly motivated and chronically stupid." Your article proves Bass's message.

R. A. Mink
Amherst, N.S.

FUELLING SEPARATISM

You ought to be ashamed of yourselves for giving the RUC cross such prominent coverage ("The RUC cross," *Canada*, Oct. 15). Certainly, the 20th anniversary of the cross was not among the most important issues of the week. Quebec is a province of Canada, not a country. Your cover line "Quebec and Canada 20 years later" sounded like something Jacques Parizeau would say in one of his controversial speeches. This type of journalism only fuels the separatist cause.

Alan Leifer
Montreal

SHIPSHAPE TAX CHANGES

Peter C. Newman's column on tax changes that would favor the location of shipping (small shipping corporations in Canada ("Turning Canada into a world shipping power," *Business Week*, Oct. 26) is welcome exposure of a timely idea. That is future is dependent on

trade and with so long a coastline has had such relatively limited participation in ocean shipping seems a lamentable paradox.

T. Newman Hall,
President, Canadian Shipowners Association,
Ottawa

THE ROLE OF HIV

You attributed to me comments that could suggest that HIV is irrelevant to the cause of AIDS. "New AIDS doubts," *Health*, Nov. 12. I believe that it is important for people to know their HIV status as the first step in monitoring and protecting their immune system. There are many unanswered questions about the role of HIV, but there is little doubt that a positive diagnosis is a danger signal for immune failure.

Glen Davies,
Co-chair, AIDS Action Now!
Toronto

'CONSUMING AUTOMATONS'

"Consumer," "consumerism" and "consumer demand," as an ontologist's being "is identical to consumer demand" ("Opening the door wider," *Canada*, Nov. 10) all contain the greed-and-discard mentality associated with pollution and profligate waste. Is it not time we became something better than consuming automatons?

Richard Weatherill,
Shefford, B.C.

"BITTERFELD" THE MOST POLLUTED CITY IN THE WORLD



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OPENING NOTES

Dick Beddoes stretches the limits of taste, John Bassett Sr. has his toenails trimmed, and the Donnelly's collaborate

A CUT ABOVE THE USUAL

The world's best barber, says CBC Radio's Peter Gowski, is Corman Lombardi of Iveta's Hair Stylist in Toronto. And Gowski, a Lombardi customer for more than 10 years, who goes every two or three weeks, is not the only devotee. Even *Flamingo* General Bledsoe and cable television mogul Ted Rogers rely on Lombardi to keep their looking ship-shape. Said Gowski: "You see John Bassett Sr. getting his toenails done there." And Lombardi, 48, said that the "big guys" like are "not too bad, maybe a bit more than regular." Gowski insisted that he plays well. But Bassett said that he prefers not to dis-



Lombardi, Rogers' best barber

cut his tipping practices: "Her's name of year after." Bassett did say, however, that as his twice-weekly visits, the shop's manicurist/pedicurist, May Halpin, does an excellent job on all 30 of his nails. As for Lombardi, who has cut his hair for more than 30 years, Bassett said, "He's a damn good barber and an extremely nice fellow. The trick is to never look like you need a haircut or like you've just had one. Corman does that." Bassett's secretary said that her boss was too busy to talk about haircuts. Rogers, who also has Halpin do his toenails, was unavailable for comment, but his secretary, Denise Gilmore, who arranges his appointments, said that she too thinks Corman is "great." Lombardi seemed unaffected by the adoration. "You must like the people, and like the work. They must like the way I work," he said. Tap-toe admiration.

AN MP'S LONELY TRAVELS

POPE JOHN MCCREATH: According to a newsletter that the Tory MP from Nova Scotia's South Shore riding sent to his constituents recently, a politician, let us not a happy one. The letter describes McCreath's weekly struggle between his "cosy little apartment" in Ottawa and his home in Hubbards. McCreath, first elected in 1988, wrote: "This is the tough and lonely part of the job, often unseen by the public. If you are a happily married man with a family, and I am, you like to be home at night. As an MP, that's just not possible." Indeed, in October, McCreath had to endure even more "loneliness." He spent eight days with his family on a trip hosted by the House of Commons. In Nova Scotia, provincial NDP Leader Anita McDonald was on the scene. "Clearly, these trips are self-serving and a fraud," she said. "Clearly, these trips are self-serving and a fraud. What do they have to do with a politician's public function? At a time of restraint, it is offensive to see the MPs with their heads in the clouds." McCreath defended the trip, saying, "It was an interesting experience." A man has to do what a man has to do.



McCreath: 'You like to be home'



McDonald: Freedom

JOCK TALK



Beddoes in the locker room

Former *Globe* and *Mail* sports columnist Dick Beddoes often complains of bad taste because of his own book, *Dick Beddoes' Greatest Hockey Story*. The book, which some readers say should include a warning that the contents are not suitable for children, is a collection of stories about NHL hockey players and their often-strange escapades. Using locker-room language that reads of more than just helmet and sweat, Beddoes describes such wondrous anecdotes as a Toronto Maple Leafs party in Detroit that included eight poorly related preconditions described by Beddoes as "black shit" and "sugaring tutus." In another tale, involving two future Hockey Hall of Fame members from the Leafs, he writes that Reg Clancy once fashioned a rope from a skate lace and tied it to Quebec's Gamble's pen—which Beddoes claims was famous among his teammates for its length. Clancy stood to the dressing-room window while Clancy proceeded to struggle to knot what Beddoes calls "Gamble's extended organ" out to where the other players were. Beddoes says that he is happy to come clean about stories that could not be published in the past. "If I'm going to reveal [what I've] seen," he said, "I'm the kind of guy I want to write." The spirit of the locker room, the roar of the crowd.

KENNEDY COINCIDENCES

Canish author D. M. Thomas is completing a novel entitled *Love Field*, centred on the 1963 assassination of John Kennedy. (The title is the Dallas airport where Kennedy's plane landed.) Now, Thomas, whose 1981 novel, *White Hotel*, attracted allegations of plagiarism, says that he was surprised to learn that British playwright Stephen Dade's 1987 play, *Love Field*, also deals with the assassination. Davis, who is working on a film adaptation and who says that the novel *Madness* is a star in it, says that he may be completing it to Thomas. Meanwhile, another movie called *Love Field* in which the assassination is a backdrop, starring Michelle Pfeiffer, has just been completed in Hollywood. A legend never dies.

Sibling rivalry and family cars

Unlike the legendary feeling "Black" Donnelly from Lucas, Ont., the Donnelly of Ottawa seems to get along well. So well, that Maureen Donnelly, who owns a Ford car dealership, and her brother Thomas, who owns a car franchise across the street, are sharing advertising costs. The always-odd naming just 70 consecutive promotional sales at each site. And they build a competition to one who could sell the most cars in 33 days. A series following the winning sales team is planned for Dec. 8. Both Donnelly's say that they did not consult their respective manufacturers before entering on the joint ad venture. Said Maureen: "You know the answer will be 'No,' why ask?" Added Thomas: "We can always say we're sorry if God doesn't like it." John Jenkins, a spokesman for Ford Canada in Ontario, Ont., said that the campaign may "run counter to our tradi-



Maureen and Thomas Donnelly: an ad venture

ad advertising on a national basis." And Nicholas Reid, a spokesman for General Motors in Ontario, called the situation "strange." He added, "The last time I checked, we were in competition with those folks." Not in one family.

DEEP THOUGHTS IN HALIFAX

Halifax Mayor Donald Wallace is sounding like Citizens' Forum chairman Keith Spicer. In selecting members to serve on a think-tank about the city's future, Wallace said that he wants to hear from a cross section of people. Said Wallace: "We want to hear from poets and dreamers." But skepticism point out that engineers might serve the city better than dreamers. The reason could take eight years and \$297 million to clean Halifax's harbor. The forward-thinking city will always now struggle into the harbor. A subject for in-depth thinking.

WRITERS TUNE OUT READERS

Peter, the international literary organization dedicated to promoting human rights and freedom of expression, plans to outreach its mandate at its upcoming Toronto 1988, an international symposium for poets, playwrights, novelists, editors and translators, critics and members of musicians. But on Dec. 6, authors Margaret Atwood and Robertson Davies

will support the annual prize and poetry reading in the Convention. Atwood is giving a short. Atwood named Atwood's that she is a veteran singer-songwriter. "I began my career singing at conventions for human rights," she said. Atwood and Davies have written new lyrics for anything. The Can De, and a "Soul Brothers" play-wright Toronto Highway, writer Paul McCartney and his music editor Alexander Ross will accompany them. Freedom of expression has not new highs.

Journalist in space

Tsukuru Akizawa, a correspondent for NHK, a Japanese broadcasting corporation, could make history on Dec. 3. If Akizawa blasts off on an eight-day trip aboard Mir, the orbiting Soviet space station, he will be the first journalist to do so. In return, the financially troubled Soviet Union stands to collect \$12 million from NHK. But Akizawa's venture, which would include daily broadcasts from space, has angered some Soviet journalists. Declared one Moscow radio reporter: "It should have been the Soviet reporter who won the first in our space program." A yes for the big show.

TERROR IN IRAQ

THEIR LETTERS HOME REVEAL THE FEARS AND BITTERNESS OF THE CANADIANS HELD HOSTAGE

They are a disparate group, united in the horror and helplessness of their situation. At least 47 Canadians from far-flung cities and towns across the country have been held hostage in Kuwait and Iraq since Aug. 2. The 13 in Kuwait and the others in Iraq were among the thousands of voluntary foreign bystanders caught in the jaws of Iraq's invasion of Kuwait. Since then, the Canadians have been among the human faces used by Iraqi President Saddam Hussein to try to discourage a counter-invasion by the American-led multinational force, which continues to mass in the Persian Gulf. The Canadian hostages include doctors and oil workers, lab technicians and mechanics. But their stories, told in letters smuggled to Canada and in phone calls to worried relatives at home, all bear an achingly similar refrain: loneliness at the isolated outposts, moments of panic at their plight, bitterness about the federal government's handling of the crisis, and a nagging uncertainty about when, if ever, they will be free to return home.

Last week, the families of the Canadian hostages visited well beyond family and friends. A delegation of three members of Parliament travelled from Ottawa to Baghdad on an unofficial mission to try to secure their release. The three MPs—Conservative Robert Corbett, Liberal Lloyd Kennedy and New Democratic Senator Ross—worked their way up the ladder of the Iraqi bureaucracy as an attempt to meet Hussein, the one man who can act on their pleas for the hostages' release. Hussein had promised to release all the hostages under his control between Christmas and March 15. But both Washington and Ottawa dismissed the offer as a propaganda ploy. Instead, they renewed their call for a United Nations Security Council resolution that would authorize the use of military force to drive Iraq

from Kuwait. Against that flurry of war rhetoric, there was still no indication at week's end whether the three men could hope for some success in their mission of mercy. Indeed, more than ever, the life of the Canadian hostages appeared linked to how far Ottawa was willing to go down the road to war.

Until the MPs' visit, scant attention had been paid in Canada to those trapped in Iraq and Kuwait. The Tory government has refused to negotiate for their release, insisting that Hussein was using the hostages as bargaining chips to stave off an attack. Moreover, it has learned that, in October, Corbett had tried to organize a delegation of men to go to Baghdad and had secured the necessary travel visa from the Iraqi. But the impulsive move was cancelled for reasons not yet revealed. Nor has External Affairs released thousands of these Canadians being held, and last week the department declined a *Maclean's* request for the names and telephone numbers of the families of the Canadian hostages. Canadian officials said that the names were not made public because of a legal requirement to protect the privacy of the hostages' families. But that has also discouraged publicity about the plight of the hostages. And with no names and personal stories to attach to those now held in Iraq and Kuwait, public reaction to their plight has been slow to materialize.

At first, families and friends of the hostages generally followed Ottawa's low-key approach. "We wait, but there is never any sign of life from Ottawa," complained Claudys Kawaguchi of Chippewas, Que., whose husband, John, an engineering company executive, is prisoned by day in captivity by guarding in Baghdad. But as the weeks wore on, and as high-profile escapees from other countries successfully petitioned Hussein for the release of their nationals, patience among the Canadian families evaporated. "We wanted a lot of time in Canada," said Joanne Stoenberg of Calgary, whose husband, Fred, a 53-year-old computer engineer, is held in Kuwait. "I will miss the delegation of MPs, but it should have gone one month ago. And now, still, the hostages are sitting in this awful situation."

Many of the hostages share that frustration



Stoenberg: Canadians as human feels

with Ottawa. In an Oct. 18 letter to his wife, Terri, Steve Reichenow, a 43-year-old director of a hotel management firm, wrote: "It is rather amazing considering that there are only 13 Canadians remaining in Kuwait and yet our government can't do anything to get us out. Is it really that difficult to find a way to release 13 people? The more I think of it, the more depressed I get." Three days earlier, celebrated independent musician and ex-prize car salesman in Kuwait had written his wife, prize master Peter Trudewas along with to arrange with Hussein on their behalf. "You remember when [Australian President Kim] Williams came?" Reichenow wrote his wife. "He took a plane load of people back. So a high-ranking Canadian would run Baghdad and pay us, maybe we could go home."

But although anxious close to Trudewas and that he was interested in the proposal, the former prime minister did not go to Baghdad. Accordingly, for now, said that Trudewas had a poor

comment to travel to Vietnam. In his place, the 10th argued that Iraq, which Ottawa, while providing the usual assistance made available to travelling parliamentarians, has refused to western Ottawa's lack of diplomatic access has made the hostages' family members absolutely depressed and angry. "The government doesn't know what we are going through," said Terri Reichenow, who was in Kuwait with her husband but managed to leave in the first week of September when Hussein released most foreign women and children. "You have these tremendous emotional high and lows. They do

hinder," said Merlebeth. "Without that, you go kind of berserk."

For the 13 Canadian women to be in Iraq-occupied Kuwait, the stress was even greater in their communications with family members here. Hostages in Kuwait City have described the situation as horrendous on Saturday, with widespread crime, looting and looting. David Wright, a 56-year-old Toronto native who has spent 10 years in Kuwait, where he last charge of a hospital laboratory, wrote to Carol Thomson, his sister in Toronto. But it is dangerous to go outside. Wright, who speaks Arabic, wrote

Merlebeth, Nicholas and Robert Beck's growing more depressed every day

not know how depressing it is when you are staying, waiting, waiting. That sense of despair hangs over the hostages as well as their families. Merlebeth Beck of Stouffville, Ont., said that her husband, Robert, is growing more depressed with every day spent in Baghdad. Beck is a nurse mechanic who was sent to Iraq in the spring on a one-year contract to treat local soldiers. His place to return home after a holiday on Aug. 14 was crashed by the Gulf crisis and Beck was not allowed to leave even when his husband died last month. Merlebeth talks to her father by phone every Saturday and Sunday, but she said that the calls from Baghdad are now often cut off after five minutes. Robert, who is allowed to leave his room at the Palestinian Hotel freely, managed to work part time every other Aug. 2 mission of Kuwait. But the economic embargo against Iraq has stretched the flow of retrosperts, curtailing one of Beck's few remaining pleasures. "Being a mechanic, he likes to

Thomas that he had loaned four new Arabic expressions: "black-dead," "ouch-de-gus," "merlebeth" and "Don't shoot." Some of the Canadians are looking from Iraq troops, and these families are reluctant to publicize their plight or even to send messages for fear of exposing their whereabouts. One woman, who wanted to guard her identity, said that she had not heard from her son in Kuwait since the day of the invasion. "Maybe he can just be a nobody for a little while," he can get out," she said.

Unlike Baghdad, where food rations available in spite of the economic embargo against Iraq, Kuwait City is clearly suffering from shortages. One woman, whose son is living in Kuwait City, said that bread and shoes are in short supply and that many families are left with another smuggled out by British hostages who were released, he wrote that Kuwait "looks like the early Middle Ages. Everything is destroyed, and there is nothing." Many

National Notes

IRRAWADDI CHARGES

Ken Leggett, currently serving a life sentence in New Brunswick for a 1981 killing, was charged with another four murders that occurred in the province's Miramichi area after Leggett's May, 1984, escape from custody. The prosecution's case against Leggett, who was released on parole after 11 years, is likely to hinge on genetic fingerprinting, a method that matches organic evidence to crime suspects by an analysis of DNA.

A MINISTRIAL RAISING

A New Brunswick court ruled that the appointment of a local businessman to the Senate was constitutional—if the province gets another MP. The appointment, part of the Times' deal to stave off the Senate, left New Brunswick with 11 senators and 10 Commons seats—contrary to constitutional rules that a province's senators must not outnumber its MPs. Ottawa will appeal the ruling.

GOING TO THE COURTS

Environment Minister Robert de Cotret said that he will appeal the Nov. 15 court ruling that dismissed Ottawa's application to halt construction of Saskatchewan's Radium-Hydrogen dam project.

BOURASSA'S HEALTH

A Montreal cancer expert said that Premier Robert Bourassa's health remains in question. A bulletin issued on Nov. 14 by Montreal's National Cancer Institute, where Bourassa underwent an operation for this cancer in September, said that there was no indication that the disease had spread. But Dr. Henry Stohrer, head of cancer surgery at Royal Victoria Hospital, said that without other information such as the tumor's depth, it is impossible to know "how serious the disease is."

NO APOLOGY

NDP activists refused to apologize for the recent relocation of 19 Inuit families from Quebec to the high Arctic during the 1980s. The Inuit claim that they suffered hardship and abuse, but Indian Affairs Minister Thomas Siddons said that there is no evidence of government wrongdoing.

LITERACY SURVEY

A Decree Research Ltd. poll commissioned by the literacy foundation says Canadians revealed a number of Canadian misconceptions about literacy. While 63 per cent of respondents said that literacy is an important skill, 46 per cent said that it was urgent—although more than one-third of Canadians suffer from inadequate literacy skills.



Anworthy, Robinson and Carbett: working their way up the ladder of the Iraqi bureaucracy

multitasks on an every street corner, he write, and traffic is controlled so tightly that "not a mouse could get through."

As a result, the hostages' best hope for release appears to rest with the unofficial parliamentary delegation. Before they left Canada, the three men spoke to many of the hostages' families and told them they expected their mission would take at least a week. Their first two days were spent meeting with representatives of the Iraqi Committee for Solidarity, Peace and Friendship—a leftist organization. As well as talking to some of the Canadian hostages, the men also met with low-ranking Iraqi bureaucrats and participated in numerous

al events, such as a watch-lying at Iraq's Mausoleum to the Unknown Soldier. Carbett, who has travelled extensively in the Arab world since 1962, discussed criticisms that, by using the word, the men were giving Saddam a propaganda victory. "It is absolutely apologetic," he said.

But after meeting with members of Iraq's national assembly as Nov. 22, Anworthy appeared to suggest that the opposition parties could better attack the Canadian government's military stance at the Gulf if the hostages were

free. Said Shorberg: "Maloney is sounding like a northern George Bush. Keeping some Canadians will be part of the punishment for our Gulf policy." The suffering of the Shorbergs and other hostages was a given reminder of how innocent lives can be swept up in the violent gusts of international affairs.

BRUCE WALLACE
in Ottawa with BRIAN
KRAMER in Toronto and
JOHN ROWSE in Calgary



Sarah Dyck: stress

HOME IN TIME FOR CHRISTMAS?

Their appetite for adventure had already been whetted by an earlier assignment: May in Saudi Arabia, via a conflict, in Oct. 1988, 44-year-old nurse Cheryl Dyck and her husband, Karyen-born gynaecologist Colin, 33, left New Glasgow, N.S. for Baghdad to a two-year contract with an Iraqi hospital. But the posting became a nightmare following President Saddam Hussein's Aug. 17 invasion of Kuwait. Along with hundreds of other Westerners in Iraq and Kuwait, they became hostages in the war of nerves between Hussein and the armies arrayed against him. Then, last week, the Dyck family members in Canada, including their daughter Sarah, 22, and son James, 21, received an encouraging report. According to Cheryl Dyck's mother, Marion Shaw of Scarborough, N.S., "it now appears that the

Irish medical placement company through which they secured their posting has negotiated their release—and that the couple may be home in time for the holidays. Said Sarah: "It sounds like a certainty—unless somebody gets tongue-tied. I expect there will be a big party here in Christmas."

Family members in Canada told Whelan's that the Dycks, who have been able to place phone calls to family members, have been under a great deal of stress. Part of that pressure has arisen from staff shortages at Baghdad's Ibn al-Nafis hospital, where they have continued to work. The Dycks have told relatives that they have been well treated. But Sharon Robinson, 43, Cheryl's sister, told Whelan's that the couple also have been forced to be crisscrossed in their concerns. Said Robinson: "They're under pressure to say the right thing at the right time."

Cheryl Dyck's forced stay in Baghdad has

been particularly difficult. Although Iraq has allowed foreign women to leave, it has denied exit visas to several hundred women who are in Iraq on work contracts. Dyck reported to be the only Canadian in that category, and her family has been pressing Ottawa to try to win her release—without success. For her part, Robinson said she does not blame the government for failing to secure the couple's freedom. But, she noted, "Any scenario in getting them out is threats to the people who held them." She added: "It boils down to one individual [Hussein] and it's within his power to clear everybody's else. I will worry—and I actually see the whites of their eyes

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The agenda for change

Ontario dissects the NDP's first throne speech

A few days before Ontario's New Democrats presented the province's first throne speech from a socialist government, Treasurer Paul Laughton took a break from his four days of parliamentary meetings with cabinet colleagues at a friend's home. There, the friend handed the 18-year veteran of the legislature and deputy premier a lighthearted gift: a T-shirt with the inscription "Pink Floyd" (the nickname Laughton's two sons gave him a few years ago for his reputation as a left-wing ideologue). But last week's throne speech demonstrated that Laughton has tempered his socialist instincts to try to deal with the fiscal realities of the province's \$1.6-billion deficit and the recession. It was among those who successfully argued against placing expensive campaign promises such as a \$400-million development fund for northern Ontario in the speech, said Laughton. "My role in this case was to bring to cabinet an endorsement package that was short-term—and those things don't belong in it."

Some aspects of the speech bore the hallmark of the NDP's left-wing program. Among the specific projects was a \$700-million public works program to improve sewers and roads in the province, an employer protection fund to provide compensation to workers who lose their jobs and severance pay, a program of business bankruptcy and a pledge to raise the \$5.43 minimum hourly wage to more than \$7.00. As well, the speech brought forward such long-standing NDP commitments as an environmental bill of rights and public utility intervention, and stepped a motion picture on further development of nuclear energy. But the speech was also notable for what it did not contain. Missing was a campaign pledge to build 20,000 units of affordable housing in each year of its mandate—and new funds for social assistance.

While the speech left labor leaders smiling, Opposition Leader Robert Nixon deemed it as "too on principle, too liberal and too left." More specifically, some left-wing and socialist groups such as the NDP and feminist organizations disavowed it for ignoring their agendas. Still, party strategists said that before the current legislative session ends for the fall session, the government will make 25 recommendations—many of them aimed at single-issue groups. Among them: wide-ranging negoti-

ations on active labor claims and a plan to deal with the federal government's attempt to bill "One of the tactics in the throne speech was to show that the government isn't in the pocket of interest groups," said one NDP strategist. "In reality, in the next three to four weeks there will be a whole raft of announcements, which



Laughton (left) and Rae: a T-shirt for 'Pink Floyd'

are directed very much to interest groups." The throne speech downplayed other initiatives—such as a pledge to reform the provincial patronage system. To that end, the government is expected to amend a civil servants' system in December. Under the current arrangement, the premier has the discretion to make 5,000 appointments to gov-

ernment agencies, boards and commissions—in the past, most often filled by party workers and supporters. But now, appointments director Carol Phillips, a former assistant to Canada's Auto Workers president Bob White, is preparing a plan under which the premier would select lists of appointees to a legislative committee that would have the power to call any of the nominees to publicly explain their qualifications for jobs. The committee would be chaired by an MP from the opposition benches, but would have a majority of government members and no power to veto postings.

But in spite of the New Democrats' efforts to reform patronage, party legislators are expected to receive a good share of appointments. Rae has 50 about 1,400 positions, which are coming up for renewal in the next three months, and some New Democrat lawmakers have already discussed possible postings with the premier's office. Last week, six cycles started with names that consultant Gerald Caplan would be named chairman of TVO, Ontario's publicly funded educational television channel. At the same time, former Ontario vice leader Stephen Lewis may become chief negotiator for the government when talks begin with Ontario aboriginal leaders next year on a new self-government.

Lewis does admit that as that time, he will find that much of the groundwork has already been laid. Charles (Bud) Wideman, minister responsible for native affairs, has already begun informal talks with the Chiefs of Ontario, an organization representing 130 Indian bands, to develop a statement of relationship between the government and native peoples. That document, which the chiefs hope to ratify at a meeting in Ottawa next week, would include the first recognition by a Canadian government of native peoples' inherent right to self-government and serve as a framework for negotiations.

When that is established, the native leaders plan to consult their bands for six months before bringing their demands to the bargaining table in the summer. Among the items likely to be on their agenda: proposals to re-create some of the historic Indian nations, such as Ontario's 66,000 Ojibwa, who were partitioned into dozens of reservations across Northern Ontario by treaties during the past 150 years. Gord Peers, Ontario spokesman for the Chiefs of Ontario, spokesman Gordon Peers. "Every effort has been made to break our traditional system of government down. We are talking about a rejoining of the first nations."

At the same time, the two sides will work towards settling 165 land claims pending in Ontario and negotiate mineral and resource rights on treaty lands to provide the bands with a new source of income. This week, Wideman's department was scheduled to announce just

federal-provincial negotiations to settle such claims on the largest treaty area in the province—the Nishnawbe-Aski Nishnawbe, which spans a 150,000-square-mile area around James Bay and Hudson Bay.

But in spite of the expected announcements, some NDP campaign promises will clearly have to wait. For one thing, plans to introduce an inheritance tax, a land speculation tax and a minimum eight per cent tax on corporations will first be studied by a Fair Tax Commission. As well, housing ministry experts privately say that it will be responsible for the new government to build its election promise to create 20,000 units of new social housing a year. The reason: a backlogged housing approval system and internal estimates that the construction and subsidy costs would deplete the treasury by almost \$1 billion annually after four years—which would more than double the present housing budget. As a result, officials hope to slash half the number of promised units by substituting a modest construction program combined with the purchase of existing apartments for conversion into subsidized housing.

According to one ministry analyst, the cost of building an average two-bedroom apartment in Toronto is \$140,000, while the cost of acquiring an existing building is \$40,000 for the same unit. Even more promising for the Treasury, housing experts predict that rental buildings will drop in price after the government introduces tough new rent-control regulations. Still, one ministry official, "Purchasing buildings does not expand the number of apartments by one unit, but it does create new social housing. There will be a lot of creative accounting."

Rae has made consensus decision-making a rule for his cabinet, and disagreement among key ministers on the issue of constitutional reform has produced a stalemate. Shortly after his Sept. 6 election victory, Rae undertook to outline a commission to study Ontario's constitutional future in the throne speech—but that did not happen last week. Using charts and slides, government experts gave a briefing to Rae, Laughton and their six colleagues at the issue cabinet two weeks ago. And they presented a two-phase plan under which Rae would appoint a commission to travel across the province to hear citizens' views on Ontario's economic and political place in Confederation. Then the commission's would report to a legislative committee. "Rae is going to have to talk to the first ministers six years or two about the shape of the country, and he will have had to consult his own citizens," said one of the presenters.

The white Rae was apparently supportive of the plan, those acquainted failed to convince Laughton in the absence of a consensus, the plan is still being debated. Last week, the treasurer told Mark Lewis "People are using the term 'institutional fatigue.' They are thinking, 'Give us a break.' It's a nervous about being shod with a continuation of this point. It's just one more ineffective of the creation that 'Pink Floyd' and his colleagues are bringing to their stewardship of Ontario's political life."

PHIL KAPRA

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Rambo night in Ottawa

Bedlam erupts in the Senate about the GST

It is no longer a place for mere partisan theatre, but rather an uncontrolled battleground where personal enmities are bared and grudges are settled. Last week, pandemonium once again erupted on the Senate floor. On Nov. 22, a three-week-old tussle between Liberal and Conservative senators ended with the defeat of the eighth and final Liberal amendment to the Goods and Services Tax (GST) legislation. Within seconds of the final vote, the orderly calm of Senate conduct vanished and was replaced by chaos. Senators yelled on the floor, screaming insults and even trying to physically intimidate one another.

The latest outburst came when the Senate could not agree on how to proceed with debate on the GST. The government is determined to have the bill passed in time for the scheduled Jan. 1 implementation of the tax—while the Liberals insist that they will use any means to delay it. The impasse was complicated last week by Reform Party Senator Stanley Waters and Independent Senator Edward Leveson, who both want to propose amendments of their own to the GST legislation. Without an agreement on



Waters (left) and Leveson's pandemonium

how that can be done in a way agreeable to all factions, the upper chamber became effectively paralysed.

Before the string was suspended for the weekend, the Senate witnessed levels of abuse

that surpassed even the heated debates of last month. Liberal senators surrounded Speaker Guy Charbonneau, waving their rule books and fingers under his nose as they lambasted him with insults. As senators from all sides screamed "Sit down!" and "Stand up!" Tory Senator E. W. (Stuffy) Bennett took Senator Jacques Roberge's arm and said, "Why don't you go lie down in the foyer for a while!"

a reference to Roberge's 1986 hunger strike in the Senate lobby to save the Kitchener youth program.

The Senate's vice records were shot off at the start of the outburst, as claims of who said what to whom were disputed. But it was clear that no party or senator benefited from the unruly acts. Many senators agree that the tone of the GST debate is shaking the already precarious legitimacy of the Senate. Said Independent Liberal Senator Douglas Everett, who skipped seven of the eight amendment debates out of disgust with the antics: "Clearly, as an institution, the Senate has broken down." But the Liberals have opted to amplify GST opponents by continuing their fight against the bill at every step. And with the Tories equally

determined that the slow pace of Senate rates will not stop the GST's passage, further political tensions are likely.

BRUCE WALLACE in Ottawa

Strains on the treasury

High interest rates hammer Ottawa's budget

The federal cabinet had been warned to prepare itself for the worst. Last Thursday, ministers attended a special briefing on \$4.8 billion in supplementary government spending that Treasury Board President Gilles Lacombe would announce in Parliament the following day. And according to notes from the meeting obtained by *Maclean's*, the Tories expected tough questioning in the Commons. That was partly because of the controversial nature of some of the expenditures: \$2.5 billion to cover higher-than-expected interest costs on the national debt, \$265 million to prepare for and advertise the widely unpopular Goods and Services Tax program, and \$350 million to help pay for the armed forces in the Persian Gulf and for policing the Melank dispute in Quebec.

In its announcement, the government focused blame for the higher spending largely on the cost of the Gulf conflict. And it said that the additional spending on the military will be precisely offset by \$350 million in reduced and deferred spending on other federal operations. As well, it said that other new spending in the

supplementary estimates would be partly covered by higher federal tax revenues and by \$2.3 billion to be taken from reserves already included in the budget. The net result, according to government spokesmen, the current year's deficit—the amount by which spending exceeds revenues in the fiscal year ending next March 31—will rise by as much as \$1.5 billion from the amount originally projected to an estimated \$39 billion, about the same level as last year. Said Minister Liberal MP Mary Cuddy: "You have to be an economist, a mathematician and a wizard to follow these estimates."

In fact, the largest part of the additional funds, \$2.5 billion, will be used to pay the higher interest on the country's \$380-billion debt, the accumulation of all the past and current annual deficits, acknowledged Leveson. Liberal treasury critic James Peterson said that it is a blow for the government to blame the military for the higher spending. He added that 99 per cent of the money "is not going to finance the war. It is going to pay for the fiscal consequences and the made-in-Canada recession promoted by this government."

The government also plans to devote additional funds to increase spending by \$116 million as part of its contribution to a space station that the United States and other countries are building. As well, Ottawa will give an extra \$114 million to help farmers suffering from low prices for their produce, and the remainder will cover government programs that are already on-budget.

Of the \$250 million in reduced outlays, \$180 million will take the form of cuts or postponement of spending and grants from programs in the departments of environment, agriculture, transport and the Atlantic Opportunities Agency. Government departments themselves will decide where to make the necessary \$250 million in cuts. Said NDP Leader Audrey McLaughlin: "Once again, it is those who can afford it the least who are paying for the laughing of this government." She added: "Where are the priorities of this government?"

When he tabled his February budget, Finance Minister Michael Wilson said that his estimates were based on an anticipated decline in interest rates—which would diminish Ottawa's burden. Many experts called that view overly optimistic. Indeed, for much of this year, Bank of Canada governor John Crow has pursued a high-interest-rate policy—with the support of the government. But that policy may soon become impossible to sustain.

JOHN DEWOSTIN with E. KATE FUCHON in Ottawa

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TALKING TURKEY

BUSH CELEBRATES THANKSGIVING IN THE DESERT AND STEPS UP THE PRESSURE AGAINST SADDAM HUSSEIN

Among U.S. troops at a forward base deep in the Saudi Arabian desert, President George Bush was enjoying two very American rituals. As the leader of his nation, he presided graciously over the traditional feast of Thanksgiving Day. And as the president abroad, presiding tall at the approach of High Noon, he worried long President Saddam Hussein to pull his forces out of Kuwait—or die. "We're not making any kind of mission in Iraq," Bush told an audience of his and their guests from Britain's 7th Armored Brigade, the "Desert Rats." "Desert usually in ideal points and a blue sports shirt, and accompanied by his wife, Barbara, Bush smiled among the troops, shaking hands and shaking heads. It was clearly a big moment for most of the desert-military forces—and for the President, who said later that it had been "a very emotional day." But Bush's speeches were only a mixed success. Some of the troops cheered his more patriotic comments, particularly when he called Hussein "a classic bully, kicking sand in the face of the world." But others stood silent, their hands in their pockets.

Back in the United States, the threat of war hung annually over Thanksgiving festivities. A group of 45 Democratic congressmen filed a lawsuit in federal court on Nov. 28 seeking an injunction that would require Bush to consult congress before sending troops into battle. But the President has rejected congressional attempts to restrict his powers, and he seemed determined to push a resolution through the U.S. Security Council that would authorize the use

of force against Iraq. A peaceful solution was preferable, said Bush when talks with Egyptian President Hosni Mubarak in Cairo last Friday. But, he added, "We're getting tired of the status quo, and so is the rest of the world." That also seemed to be the prevailing mood of the U.S. troops in the desert. "Said Air Force Staff Sgt. Michael Lytle: "Nobody wants bloodshed, but nobody wants to sit here six months, waiting for sanctions to take full effect."

During his visit, Bush learned of the resignation of his former Gulf ally, British Prime Minister Margaret Thatcher (page 34). Said the President: "It's a loss for her. She has been a staunch friend." Still, Thatcher's departure seemed unlikely to change Bush's policy. In fact, Defense Minister Thomas Kluge announced Wehrmacht was sending another 14,000 troops to join the 34,000 soldiers of the Desert Rats. While Bush made no out, Secretary of State James Baker was on a difficult diplomatic mission at neighboring Yemen. There, he tried to

elicit support for the use of force resolution, which he plans to present to the UN before Nov. 30, when Yemen is scheduled to take over the rotating presidency of the 15-nation Security Council from the United States. The presidency will give the Yemenis control over the council's agenda although, unlike its Big Five permanent members (the United States, the Soviet Union, China, Britain and France), Ye-

U.S. soldier in Saudi Arabia; Bush with the troops (above); a mixed reception



men has no veto. Still, a pro-resolution vote by the council's new Arab member would clearly send a powerful message to Iraq.

At the start of the Gulf crisis, Baker appeared to be solidly pro-peace. But in recent weeks, his support for Baghdad has declined. At his own supported five of the 10 resolutions concerning Iraq, while abstaining on the others. However, when Baker visited the recent war, or war, in the capital city of Sana'a, some Yemenis showed him a map. Many showed displays of Saddam Hussein. And at the end of his official meetings, it was clear that he had failed to persuade President Ali Abdullah Saleh to back the resolution. Declared Saleh: "We don't support the presence of foreign troops in the region."

The Soviet and Chinese were also considering their positions on the issue. Last week, Soviet Foreign Minister Edvard Shevardnadze and his Chinese counterpart, Qian Qun, met for 160 minutes at the western Chinese city of Urumqi near the Soviet border. According to the New China News Agency, the two ministers agreed that Iraq should withdraw from Kuwait as soon as possible. However, they made no statement about a UN resolution authorizing force, indicating that they may differ on the matter. Although leaders of both countries have indicated Bush against turning too quickly towards war, some diplomats in China said that the Soviets seemed to be leaning towards supporting a UN resolution, while the Chinese position remained unclear. Still and

one diplomat, an aide of an aide, "I doubt that China would use its veto."

Earlier in the week, during the Houston Conference on Security and Co-operation in Europe held in Paris, Bush and French Minister Pierre Malraux held a private, 45-minute discussion on the Gulf crisis. Canada, which has contributed three warships, a squadron of jet fighters and 1,700 personnel to the multinational force, has said that it will support a use-of-force resolution. But the Malraux government was clearly against raising too high the threat of force. Malraux expressed regret that the end of the Cold War had been followed so quickly by a Middle East crisis. "Just when it seemed that a peace dividend might be possible," he said, "billions of dollars must be spent in the Gulf." In fact, on Friday, the Malraux government announced \$200 million in spending cuts to finance Canada's presence in the Gulf, which Defense Minister William McNight claimed was costing \$90 million a month.

Meanwhile, controversy grew in the United States and Israel over Bush's decision to meet Syrian President Hafez al-Assad in Geneva last Friday. Syria has about 30,000 troops in the multinational force and has pledged an additional 15,000, and before leaving Cairo Bush declared, "I will work with those countries whose very presence enhances our success." Still, Syria announced on Washington's official list of countries that sponsor terrorism. And the Senate's majority leader, George Mitchell, a Democrat, expressed "grave reservations" about the meeting. Syria Senate Republican majority leader, Robert Dole, said, "We have to be very careful in our meetings with him."

And in Jerusalem, Israeli officials appeared stunned by the last meeting of U.S. and Syrian presidents in 13 years. Said Defense Minister Moshe Arens: "In the Middle East, the meeting is the message." But the main talking message was not to come, when the Security Council considers whether to give Bush the green light to use force. In the South desert last week, during a Thanksgiving lunch of turkey and mashed potatoes with their canned-bean-a-chick U.S. troops were playing cards and drinking beer and some were openly wondering what they had to be thankful for.

JOHN BERMAN with correspondent reports

A GREATER BARRIAGE

Members of the Christian Lebanese Forces, the last sectarian militia in Beirut, began their last withdrawal from the divided capital after 15 years of civil war. The Syrian-backed government of President Elias Hrisni planned to deploy about 10,000 troops in the Christian East and Muslim West sectors to extend its authority over a so-called Greater Beirut.

TURMOIL IN BULGARIA

Facing its toughest challenge since it forced hard-line leader Todor Zhivkov from office last November, Bulgaria's Socialist (formerly Communist) government sought a nonviolence route. As thousands of demonstrators called for the resignation of Prime Minister Andrei Lukanov, the opposition Union of Democratic Forces failed to deliver the government over the issue of its authority budget.

A BOMB OFFENSIVE

Hundreds of leftist rebels attacked military installations and troops across El Salvador in their largest offensive in a year. Government spokesmen said that at least 94 people (including 260 others) were wounded in a week of fighting. President Alfredo Cristiani accused the guerrillas of "barbarism" and said he would be pleased that they had broken secret accords reached in Mexico to speed up United Nations-sponsored peace talks aimed at ending the country's 11-year civil war.

SEX AND THE SABRATH

After a bitter seven-hour debate, the Israeli parliament gave preliminary approval to a bill that would ban advertising blatantly child-like women, and another to a bill that would ban advertising of Jewish children. Left-wing legislators argued that the bill infringed on the rights of the 70 percent of Israeli who are not Orthodox Jews. But the small, ultra-Orthodox Agudat Israel party demanded that the right to religious freedom be protected. The bill is in exchange for Agudat's earlier agreement to join Likud's shilly coalition.

A DEVASTATING DROUGHT

In an urgent appeal for \$200,000 from emergency food aid, Ethiopia's interim government announced that drought threatens more than four million people with starvation next year. Yilma Kassaye, head of the Ethiopian Relief and Rehabilitation Commission, said that the most severely affected areas are in the civil-war-ridden northern provinces of Wollo and Tigray, where the famine was compounded 1984-1985 tragedy in which a million Ethiopians died.

THE SOVIET UNION

The Ukrainian factor

Shortages strike the nation's breadbasket

Outside the legislature in Kiev last week, about 2,000 demonstrators marched in a disciplined demonstration of support for the local Communists who still rule the famed breadbasket of the Soviet Union. Many carried the red and blue banner of the Ukrainian Soviet Socialist Republic, but at the fringes of the march, bright splashes of yellow and blue were also visible as hundreds of nationalist-demonstrators waved the flag of the Ukrainian national movement. Only two years ago, there would have been no such symbolic clash of colors, say leaders of both, a nationalist organization with five million supporters that is pressing for full independence from Moscow. Now, as that movement gains strength across Ukraine, even government leaders acknowledge the rising tide of nationalism is a former ally of communists. "There is no doubt about it," declared Ben Pluch, the deputy chairman of the Ukrainian Supreme Soviet. "Ukraine will be independent."

For Soviet President Mikhail Gorbachev, the stepping-stone for Ukrainian independence is part of an increasingly chaotic picture of a country fast splintering apart at the seams. Facing native republics and desperately worsening food shortages, on Friday the Soviet parliament gave final approval to a resolution that will increase Gorbachev's already considerable executive powers by authorizing the



Ukrainian protesters: a rising tide of nationalism

government to ban. Deputies asked the president to develop a more effective power structure within two weeks to ensure reliable supplies of food during the winter. At a news conference later, Gorbachev reiterated his assurance that the country's 15 republics sign a so-called "main treaty" reestablishing their links with the Kremlin—and he warned of disastrous consequences if they fail to do so.

On the food front, Gorbachev last week continued to solicit, and accept, guarantees of emergency supplies of basic goods from abroad. In Paris, where he attended the Conference on Security and Co-operation in Europe, the Soviet president met for 45 minutes with French Minister Berni Medewey. Later, Medewey announced that Canada would provide millions of dollars in food aid to the Soviets this winter, not as a gift, but under "flexible" terms. The goods are expected to include wheat, flour and cereals—ander coating arrangements with the Canadian Wheat Board, the Soviets have about \$250 million in remaining credits.

For Ukrainians, the extreme shortages of food and consumer goods are almost a personal affront: the vast republic produces one-third of the country's food supplies and contains one-fourth of its industries. Pluch, the deputy chairman and staunch Communist, who expressed his support for such Gorbachev-inspired initiatives as the

switch to a free-market system, declared "Ukraine is as big as France, and this year we produced as much grain—50 million tons as one ton for everyone living in the republic. But France does not have food shortages and we do." Pluch claims that one cause of the shortages is sabotage by members of the still active, centrally planned Soviet bureaucracy who are reluctant to give up their power. The bureaucrats he alleges, divert food shipments to the black market or dump them as an effort to subvert perestroika.

Like many of their counterparts in the country's other 14 republics, Ukrainians have begun taking matters into their own hands. Since May 1, the republican government has been issuing rationing coupons for the purchase of scarce consumer products, a measure intended to prevent outbreaks from hoarding of the republic's goods. And as the struggle for power between the Kremlin and the republics continues, Ukraine and Russia last week forged closer direct links by signing a bilateral trade pact. Under the 10-year agreement, the country's two most populous republics recognized each other's sovereignty and also pledged joint efforts in the fields of politics, science and technology. And they made it clear that they are no longer willing to wait patiently for the fulfillment of Gorbachev's promise to forge a new union, thereby redefining the federal government's power over the republics. Said Russian President Boris Yeltsin in Kiev: "We cannot sit away the time."

The Russian leader also denounced a statement by Gorbachev that other republics should be wary of too much power shifting to Moscow, which has two-thirds of the Soviet Union's landmass and much of its natural resources. He from "Gorbachev let stand a key role." Yeltsin insisted, Russia showed a desire in its dealings with Ukraine "to build relations on an equal basis." Still many Ukrainians express concern that a too-close union with Yeltsin's powerful republic would once again result in the eclipse of their homeland's growing nationalism. Since the 17th century, when cossack Ukrainians signed a treaty with Czar Alexis to protect an invasion by Poland, which already controlled western Ukraine, Russia has exercised political and cultural domination over successive areas of the region. Ukrainians in Ukraine automobiles, including the period between 1914 and 1920 when Ukraine enjoyed a brief independence, have been followed by intense, so-called Russification.

As a result, the economic and industrial aspects of the expansion part of Ukraine have been heavily populated by Russian migrants, who now form one-quarter of the republic's population. Many of those Russians live as emotional attachment to Kiev, and they openly oppose independence for Ukraine. Said Oleks Drog, a Ukrainian state leader and Black Guard member: "To lose Ukraine would be like cutting off the leg for many Russians. It is very difficult for them to accept psychologically." In 1920, as the Bolsheviks were struggling to control the fertile steppes that have traditionally served as a buffer between Russia and the

In Zolochiv, a short distance from the nation's post-war industrial heartland, Zolochiv is regarded as the historically traditional residence of the town's main historical attraction, a 17th-century fortress, which also served as a prison until 1920. And it was there, say local historians, is the place that persecuted the first man, that they are the border of over 400 prisoners, where the first killed and later buried in the black courtyard of what is now an overgrown ruin.

Last September, in a small cemetery on the outskirts of town, the residents of Zolochiv returned 611 victims of mass terror whose bodies were found in mass graves around the area. The excavations on the common ancestral a simple and direct. Killed by the Bolsheviks? To many Ukrainians, that is both a reminder of past expenses and a starting point for independence.

RALPH GRAY in Zolochiv

UNEARTHING MASS MURDER

On a construction site adjacent to KGB headquarters in the western Ukrainian town of Zolochiv, a yellow excavating machine dug the last week in a wasteland of charred earth. Work on a new building halted abruptly in August, when several elderly residents of the town came forward and voiced their suspicions that the site contained the remains of political prisoners killed between 1939 and 1941 by the Nazis, local Stalin's secret police and the governor of the KGB. In place of the building crew, local members of Memorial, a national society dedicated to exposing the extent of Stalinist repression, descended on the site. They unearthed about 30 skeletons. Many of the skulls had big oval-crests, German-made bullets, evidence that strongly indicated that the victims had been shot at close

range by NKVD agents. Said Larissa Zyzanska, an independent researcher in the area: "We are had believed to ask the KGB for permission to dig nearby. Now, they are afraid of what we will find next."

Over the past year, similar evidence of Soviet atrocities has been uncovered across western Ukraine. These grim sites have helped fuel an already strong nationalist movement in the region. The western part of the current republic, long under Polish rule, retained the Soviet sphere in 1939, when Stalin and Adolf Hitler carved out their infamous secret accord and jointly dismembered Poland. Following that partition, say Memorial members, the worst atrocities were on local middle-class residents and arrested members, Jews and others whom they suspected of harboring anti-Communist beliefs. They promptly tortured and killed many of them. Others remained alive until June, 1941, when the Soviet secret police brutally killed their political prisoners before the Nazis invaded the country.

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When Soviet leader Vladimir Lenin referred to another piece of socialism to replace the same sentiment, "Pie is to last Ukraine," he said, "would be the same as living on bread." Still, even in such eastern cities as Kharkov, as well as in Kiev, Ukrainians now take renewed pride in speaking their own distinctive language instead of the Russian that once prevailed across the republic. But nationalism is strongest in and around Lvov, a picturesque university city of almost one million residents in the rolling countryside of western Ukraine. There, in a city long ago called that Soviet dictator Josef Stalin wrestled from Poland in

1939, Stalin consolidated its power base last spring when it captured 148 of the 200 seats in the Lvov regional parliament. In September, the newly installed local authorities sent a clear signal of their attitudes towards Soviet orthodoxy: they demanded a massive statue of Lenin that had dominated the city's main square be doing so. They declared that the builders had used Polish and Jewish gravestones to provide a firm base for the monument. That grisly discovery only bolstered Ukrainians' desire for independence, and incensed public calls for such statues as a base on Soviet statues of local military

drifters. Already, nationalist sentiments have prompted the republic's parliament to pass a resolution that demands that Ukrainian scripts serve their two-year terms within the republic.

But the most controversial republican measure has been the Ukraine-wide renaming system. Without the old-style government-owned companies, Ukrainian students and professors cannot use machines to purchase already scarce food and many other consumer goods. Some nationalists, including Ilya Yatskevich, the leader of the opposition People's Council, which comprises one-third of the Ukrainian legislature, defended the measure. He claimed that it was a necessary step towards the issuing of a separate Ukrainian currency. "Any closing down of a system eventually leads to disorders," said Yatskevich, a physics professor from Lvov who, unlike many of his colleagues, still wears his Communist party membership card. He added, "But in the short term, this will prevent Poles and Russians from coming here and buying out our stores."

In the food shops and department stores of Kiev, however, lines formed last week for items ranging from meat to sleep-scarce cigarettes. Customers browsing a department store complained that the coupon system had simply added another complication to their lives. One woman, a member of a slowly moving line of customers waiting to buy rabbit-fat hats, pointed to a cash clerk where two clerks were on duty: one to accept money and ring up the purchases, the other to clip out the required number of coupons. Another lady could pressed around a counter where Christmas decorations were on sale. Said Vasily Klavchuk, a 22-year-old factory worker: "We have coupons, but we do not have more goods as promised. The coupons have made it necessary to spend more time standing in lineups, and the queues are as long as ever."

In another lineup, Oleg Galynov, a 65-year-old retired military officer, said that he had to come to the store twice a day to ensure that his name was not struck off a waiting list to buy a scarce commodity: a wall, Soviet-made color television set priced at \$1,700. Complained Galynov: "During the so-called era of stagnation, when Leonid Brezhnev was raising cheques, there were lineups for sale."

But during the Brezhnev years, and much of Gorbachev's tenure as well, the Kremlin firmly supported Ukrainian nationalists. Les Tarasuk, a 52-year-old theatre director, recalled that during the 1980s, local authorities persecuted many of his nationalist colleagues for anti-Soviet activities. Tarasuk himself moved to Moscow, where in 1985 he successfully opened a play titled with anti-Brezhnev national references. But he eventually returned to Kiev and last March, he won a seat in the Ukrainian legislature. Now, according to Tarasuk, he and fellow members of Rukh are waiting again—for the ruling Soviet economy to demonstrate that separation from Moscow is Ukraine's best hope for progress.

MALCOLM GIBBY in Kiev

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A historic signing

East and West reach a unifying peace accord

In the spring, experts throughout Europe will begin one of the biggest demolition jobs in history. Under the watchful eyes of inspection teams, they will start to destroy

thousands of pieces of military hardware. Altogether, over a three-year period, about 62,000 tanks, armoured combat vehicles, artillery pieces and helicopters will be systematically

smashed, cut up, bent out of shape, filled with concrete or buried into harmless anarchy areas as a result of the most far-reaching arms control agreement in history. Leaders of the 22 member states of NATO and the Warsaw Pact, whose 40-year hostile standoff made Central Europe the most heavily militarized area in the world, concluded the deal last week in Paris amid mutual congratulations that they had finally eliminated the tensions that had so long divided them. Said Prime Minister Brian Mulroney: "This summit made the Cold War—finally, finally—end, we hope, forever."

The agreement, called the Treaty on Conventional Armed Forces in Europe, was the centerpiece of a summit of all 34 members of the Conference on Security and Cooperation in Europe (CSCE). The accord provides for dramatic cuts in non-nuclear weapons in a vast area from the Atlantic Ocean to the Ural Mountains in the Soviet Union. But even as they tasted the advent of an era of peace in Europe, and took time out to relax in a glitzy ballroom and lobster gala in the Palace of Versailles, the leaders were privately talking war. Behind the scenes, President George Bush discussed possible military action against Iraq with the Soviet Union and his European allies. And the leaders' hopeful vision of a peaceful Europe was clouded by the growing prospect of dangerous political and economic instability in Eastern Europe and made the Soviet Union fearful.

But despite those concerns, last week's summit was plainly a milestone in postwar history. After the 22 NATO and Warsaw Pact leaders concluded the arms control treaty, all 34 CSCE leaders signed another document, the 29-page Charter of Paris for a New Europe, which sets out a vision of a continent that respects human rights, democracy, freedom of religion and economic liberty. Said French President François Mitterrand: "We 34 states share from now on a common vision of the world, a common heritage of values."

Such a major assessment seemed scarcely imaginable in 1975, when the CSCE issued another grandiose statement of principles, the Helsinki Final Act. At the time, Communist regimes still prevailed in Eastern Europe and paid only lip service to democratic ideals. And there was little open optimism in March, 1989, when negotiators from the 34 NATO countries and the seven Warsaw Pact states began negotiating the arms control treaty in Vienna. Although democratic regimes were then starting in Poland and Hungary, the rest of Eastern Europe was still in the grip of hard-line communism. A senior Canadian official involved in the negotiations said last week that, when the talks began "only cockeyed optimists would have believed that we would be sitting here signing this."

But the birth of neo-Communist governments in the East overturned all their assumptions. East Germany, once the Warsaw Pact's real frontier state, ceased to exist, and the new leaders of Hungary and Czechoslovakia pressed the Soviet Union to withdraw its armor and troops from their countries faster than

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even NATO negotiators had suggested. Last week, with the Warsaw Pact all but collapsed, several Eastern European leaders said that they would in principle accept a formal declaration of independence from the Soviet Union. President Václav Havel, a former dissident who was widely expected to replace the communist leader in the Czech Republic, said that the offer was a "typical Slovakian product." He added that its military functions should end this year. And Hungarian Prime Minister János Antal added that he had sent the other Warsaw Pact leaders to a summit in Budapest on Dec. 9 to set a timetable for that disarming.

If however, the arms treaty, which included a nonaggression pact, will eliminate the most dangerous source of military tension on the Continent: the possibility of a surprise attack by either side. It sets limits on the number of weapons of mass types for each side: 30,000 tanks, 30,000 artillery pieces, 30,000 armored combat vehicles, 8,000 combat aircraft and 2,000 attack helicopters. Moreover has 90,000 such weapons, while the Warsaw Pact has 170,000. The Soviet Union itself must make the largest cut, about 25,000 pieces of equipment. It has already saved thousands of some items in locations east of the Ural Mountains, outside the area governed by the treaty, although Western officials say that they do not regard that as a serious threat.

Western nations, by contrast, could actually increase their stocks of helicopters and aircraft and still remain within the accord's limits. The agreement will not affect Canada's nuclear contribution to NATO's defense, including 77 tanks and 54 fighter-bombers. After a 120-day suspension period, the treaty sets out detailed procedures for the destruction of excess weaponry over the next three years.

But wider concerns tempered enthusiasm over the treaty as western approaches and Eastern European countries face growing food shortages. Last paragraph, the treaty sets out procedures for the destruction of excess weaponry over the next three years. "Freedom in the political sphere," Yugoslav President Borisav Jovic told the delegates, "is inseparable from freedom in the economic sphere." Some leaders were already warning that a flood of unemployment, fleeing economic and political freedom in the East, may soon intensify the West. Moreover said that European could avert future conflict only by inventing a "new dimension between East and West."

And despite the apparent end of the Warsaw Pact threat, Western leaders warned that NATO must retain its defensive role. Soviet President Mikhail Gorbachev and some Eastern European leaders argue that the pact could replace both military alliances as a new security framework for Europe. But External Affairs Minister Joe Clark rejected the proposal. "We have seen where he concentrated," he said, "in an instrument that we know works. It's not something we are looking for." As Europe enters a new period of volatile change, Western leaders are clearly reluctant to give up their hard-earned guarantees.

ANDREW PHILLIPS in Paris

STEPPING OUT



**BRITAIN'S IRON
LADY FALLS VICTIM
TO A POLITICAL
COUP AFTER 11½
YEARS IN POWER**

It could almost have been a routine day in Britain's House of Commons. There was Margaret Thatcher last Thursday afternoon, eyes flashing and fingers stabbing the air as she defended her record and incensed her political opponents with well-practiced expertise. "I'm enjoying this. I'm enjoying this," she exclaimed at one point. Thatcher's vigor and skill seemed unimpaired, but an oppositioner not so easily cowed with a sharp reminder that it was far from an ordinary session. "What have they sacked you?" he shouted. Only an hour earlier, Thatcher, 65, had bowed to overwhelming pressure within her own cabinet and abruptly announced that she intended to resign as prime minister. With that, she set in motion a process that, within a week, would have her stepping out of 10 Downing Street, a new prime minister moving in—and a political age formally ending.

Thatcher's resignation after 11½ years of turbulent rule was the stuff of both high drama and low politics. Throughout the 1980s, she reshaped her party and her country like no other leader since Winston Churchill, preaching the message of radical conservatism that bore her name. But in barely 36 hours last week, she suffered a staggering rebuke as a leadership contest from her once loyal members of Parliament and was forced to abandon her campaign to fight on against the odds. Ultimately, she fell victim to what amounted to a political coup within her own government, as men she had elevated to power lined up to tell her that she did not have enough support to remain leader. At 5 a. m. last Thursday, she told her cabinet that she would step aside and open up the leadership race to other candidates. Some of those present later said that she had reflected sadly on having to quit, despite winning three consecutive elections, and declared, "It's a funny old world."

Prime. For nearly all of Britain, the development was a stunning one. For many British people, Thatcher's government had trailed the opposition Labour Party in opinion polls, and the idea that the Thatcher era was drawing to a close had become commonplace. But Thatcher so dominated the political scene by sheer force of personality that all the early signs of her demise barely softened the shock (page 46). On the morning of her announcement, hundreds of people gathered outside the tall iron gates of Downing Street, waiting for a glimpse of her black Thatcher iconoclast as it flanked past, taking her to see the Queen and then to



Parliament. Anonymous in London's subway system broke the news to commuters.

But Thatcher had become deeply unpopular in recent months, and there were plainly more clouds than stars in her going. Early Sunday, a 79-year-old pensioner, shook a handbill outside Thatcher's official residence and told anyone who would listen, "It's the best news I've had in ages." An old man walking his dog on a London street exclaimed to us in a particular, "We've gotten rid of the bitch!"

For Thatcher herself, it was a humiliating

end. For months, her government had lashed itself one disaster to another, and a growing number of Conservatives had anguished her to step down promptly and let the party choose a new leader. But Thatcher had dismissed their appeals and vowed to fight—and win—an unprecedented fourth election victory. Her confidence did not appear to waver even when her arch-enemy in the Tory party, former defense minister Michael Heseltine, announced on Nov. 24 that he would challenge her in last week's leadership vote. So assured was Thatcher of retaining her party's support that

two MPs supported her, while 162 backed Heseltine and 16 abstained. It was a majority, but not enough for an outright victory under the Tory party's complex voting rules, and it was a clear sign that she no longer had the confidence of her party.

Conciliator. Thatcher immediately announced that she would contest the second round of voting this week. But she was badly wounded, and her fellow political leaders at the 1982 meeting plainly sensed that it might well be the last time that they would meet her as Britain's leader. At the summit's closing session on the

of loyalty answered that they were rethinking their position in light of Heseltine's unexpectedly strong showing in opinion polls demonstrating that he would dramatically improve the Conservatives' popularity. Other MPs voiced concerns that even if Thatcher managed a narrow victory over her rival, their party would be so fatally divided that it would not be able to recover in last year's general election. Labour in the next general election, which must be held by July, 1992. However, none of that appeared to have any effect on Thatcher, who replaced her campaign manager and deflected

Poll-tax rioters. Thatcher (left) the prime minister's personal style was to spawn the cozy politics of compromise

she did not, even stay in the country throughout the brief, six-day campaign. Instead, she gave a handful of newspaper interviews and then flew off as scheduled to Paris to attend a summit meeting of the Conference on Security and Cooperation in Europe (CSCE).

It was there, in an upstairs bedroom of Britain's gilded embassy in Paris, that she learned the result that would her fate. In the leadership vote last Tuesday, 204 Conserva-

tioning after the vote, Dutch Prime Minister Ruud Lubbers and Canada's Brian Mulroney, among others, angrily supported her arm as governors of sympathy. Mulroney said later, "There was sadness for her and good wishes for her."

Thatcher cut short her stay in Paris and rushed back to London, but by then her remaining support was rapidly slipping away. Some men who had voted for her at the first ballot out

declared, "I fight on. I fight to win." But behind her public determination, Thatcher's will to continue was rapidly crumbling. The night before, Mulroney, the embattled senior party figure, known in Tory parlance as the "fox in the grey suit," told evening, she met her cabinet ministers one by one in her office at the House of Commons. She asked them to frankly assess her chances. According to later reports, all but two of the 16

diffused—more collective and consensus-based “broadchurch politics.”

If the style cannot endure, neither is it certain what legacy changes Thatcherism has wrought. Her supporters say that her enduring legacy will include privatisation of many state-owned enterprises, curbs on trade union power and the spread of so-called popular capitalism through wider ownership of homes and company shares. They also credit her staunch Cold Warrior stance with helping to part the Iron Curtain. Until about 18 months ago, they could also convincingly cite other important gains: bringing inflation down to a low of 2.4 per cent by mid-1986 from 10.3 per cent in 1979, making British business more competitive internationally, and dramatically improving Britain's standing in the world.

Attack: But ever since she blew out the candles on the cake at the party marking her 10th anniversary in power in May 1988, those gains have unfavourably deteriorated. Britain's inflation now stands at 18.9 per cent, twice the European average and higher than the rest of the world. The country is running a persistent deficit in its manufacturing trade, a sign of declining competitiveness. And its influence in world councils has shrunk because of both economic difficulties and its frayed relations with its European partners. Perhaps most unsettling, and despite Thatcher's cherished remark on government spending, taxes actually showed a greater share of the national output at the end of her tenure (37 per cent) than at the beginning (34 per cent). Thatcher's outright failures have become

more evident as well. Most Britons now find it tedious to debate her radical measures for much of the 1980s because they are known as necessary to shake the country out of its collective emphysema. But the public mood



Labour leader Neil Kinnock, looking in quokka politics

has shifted markedly by the closing years of the decade. Britain's post-increasing rationing to the desire of their roads, hospitals and schools through lack of public investment. They grew more openly concerned about the increasing numbers of homeless people sleeping in the streets of central London, and the filthy and



Hurd with Joe Clark: traditional Tory

"Office Hurd" for his enthusiasm in camp younger people. He went on to Cambridge University and then entered Britain's foreign service, spending 14 years as a diplomat in Beijing, Rome and at the United Nations. In 1966 he went to work for the Conservative party, later serving as political secretary to Tory Prime Minister Edward Heath. He was a seat in the Commons in 1974. Among the war, Hurd, who has three sons by a previous marriage and a son and daughter with his second wife, John, wrote several political thrillers, two of them in collaboration with other authors.

As a former ally of Heath, whom Thatcher defeated in the 1979 leadership contest, Hurd

chose gradually overtaking the capital city.

Even after a decade of backing Thatcher had not changed many basic public attitudes that had sought to alter: at the end of her time in office, surveys showed that considerably more people than when she took power favoured increasing government services, even at the cost of higher taxes. Thatcher herself began to seem outdated. "One started to realise that Thatcherism was no longer the flower of the age about 18 months ago," said David Marquand, professor of politics in suburban Manchester's University of Salford. "It had exhausted its experience."

Energy: Thatcher herself is far from exhausted, as her fiery victory performance in Parliament last week clearly showed. The Oxford-educated daughter of a Gloucestershire still-drapery subcontracting company and routinely works 16-hour days, seven days a week. She once said that being prime minister "is totally absorbing—to do it is enough, but to want to do it and to love doing it is everything." For someone with such self-discipline, a spirit of retirement is unthinkable. Several years ago, she and her husband of 39 years, Denis, purchased a comfortable home in the prosperous south London district of Dulwich. There is no obvious role for a former prime minister, but some observers speculated that she might give up her Commons seat, accept a peerage and a position at the House of Lords. But no one in British politics last week was predicting that they had heard the last of Margaret Thatcher.

ANDREW PHILLIPS in London

THE PROBLEMS OF PEDIGREE

As recently as mid-October, Douglas Hurd ruled himself out of any future fight for the leadership of Britain's Conservative party. At 60, he said, "I've got 18 more years of active life and I've got other aims for it." But when Margaret Thatcher announced her resignation last week, Hurd readily entered the light to succeed her. A cabinet minister since 1984, Hurd has been foreign secretary since October 1989, and he has earned a reputation as an unexcitable and reliable minister. His patronage bearing and long political pedigree—both his father and grandfather were Tory men—have led some analysts to label him the candidate of the party establishment. Hurd himself rejects the label and insists that he does not even know who the establishment is.

His background is still closer to that of a traditional Tory than to the neo-privatized Conservatives favored by Thatcher and her closest supporters. He attended the exclusive Eton College, where he was nicknamed

decade until the government's return to the Northern Ireland secretary in 1994. At 60, he said, "I've got 18 more years of active life and I've got other aims for it." But when Margaret Thatcher announced her resignation last week, Hurd readily entered the light to succeed her. A cabinet minister since 1984, Hurd has been foreign secretary since October 1989, and he has earned a reputation as an unexcitable and reliable minister. His patronage bearing and long political pedigree—both his father and grandfather were Tory men—have led some analysts to label him the candidate of the party establishment. Hurd himself rejects the label and insists that he does not even know who the establishment is.

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As a former ally of Heath, whom Thatcher defeated in the 1979 leadership contest, Hurd

A P in London

LIFE AT THE TOP

THATCHER RELISHES HER HARD-EDGED IMAGE

A chronology of the key events in Prime Minister Margaret Thatcher's political career.

Oct. 6, 1959: Thatcher is elected to the House of Commons in the north London riding of Finchley after two failed bids.
June 26, 1970: She is appointed education secretary in the cabinet of Conservative Prime Minister Edward Heath.
Feb. 11, 1975: She defeats Heath in a contest for the leadership of the Conservative party, then in opposition.
May 3, 1979: The Conservatives win the election. Thatcher becomes Britain's first woman prime minister the next day.
April 2, 1982: Argentine forces invade the Falkland Islands. Thatcher sends a naval task force to reclaim the British colony. The 10-week war claims 255 British and 759 Argentine lives.
June 3, 1983: Subsequent to a wave of popular support following the Falkland victory, Thatcher is elected to a second term.
March 12, 1984: The National Union of Mineworkers goes on strike to protest plans to close 20 unprofitable mines, beginning one of the longest and most violent strikes in British history. One year later, the miners' vote to return to work without a settlement marks a watershed in Thatcher's effort to curb union power.
Oct. 12, 1984: The Irish Republican Army bombs the hotel in Brighton where the Conservative party is holding a conference. Thatcher is unscathed but five people are killed.
Jan. 9, 1986: Defense Secretary Michael Heseltine resigns following a clash with Thatcher over foreign takeover bids for the Westland helicopter manufacturing firm.
June 11, 1987: Thatcher becomes the first British prime minister in more than 160 years to win a third consecutive election.
Nov. 26, 1990: Thatcher fails to defeat Heseltine outright in a party leadership election. Two days later, she resigns.

Thatcher in a supermarket (top); with Gorbachev (right); in her kitchen (below): 'not too warm'



Over the years, Margaret Thatcher earned her reputation as a tough, uncompromising leader. When the Soviet Union collapsed, she described her as an "Iron Lady." In 1976 she said she was too often called "Milk" (of course not the requested, "I am an iron lady"). Other examples:

"You're more alert if you've not had too much to eat and you're not too warm. The blood goes to your brain and not to your tummy."
 —revealing the secret behind her legendary energy level

"What's women's lib ever done for me?"
 —explaining why she was not concerned that feminist groups did not support her 1992 election campaign

"For those waiting with bated breath for that favorite media catchphrase, the U-turn, I have only one thing to say: You turn if you want. The lady's not for turning."
 —on her economic policy in 1980

"Occasionally we disagree, but only when you are wrong, Prime Minister."

—on her differences with Pierre Trudeau over world peace and security, in 1980

"We can do business together."

—on future Soviet leader Mikhail Gorbachev, in 1984



Thatcher in the mid-1970s (left) with Reagan (below), with husband Denis (below) (right)





Thatcher and Mitterrand in Paris: barely disguised satisfaction over her fate

THE VIEW FROM EUROPE

THATCHER'S EXIT MAY HASTEN UNITY

Throughout the 1980s, European Community leaders struggled against Margaret Thatcher's attempts to limit the European market to suit Britain, and last week, leaders on the continent greeted the announcement of her resignation with barely disguised satisfaction. In the EC's Brussels headquarters, some officials drink champagne to mark the downfall of the British prime minister. EC leader Jacques Delors, traditionally Thatcher's main target of criticism, smiled his words carefully, noting his "highest concern" for her just as diplomatically. French President François Mitterrand said that she remained "an important one in the history of her country and of Europe." But other European leaders, including German Chancellor Helmut Kohl, remained justifiably silent. And one even threw aside protocol to offer a true reckoning of the European leadership's collective opinion. Belgium's recently re-elected Prime Minister Wilfried Martens declared that he hoped Thatcher's departure would mean that "we will be able to advance

more quickly in the construction of European union."

Early in her 11½-year term of office, EC leaders quickly admired Thatcher for her strength, clarity and extraordinary presence. But as her defense of British sovereignty grew more ideal in recent years, her colleagues began to express increasing reservations for what they called her provincialism, belligerence and damaging lack of vision. Said Alfred Dreyer, a leading Christian Democratic member of the German parliament: "She tropically refused to recognize the European reality." "The most disturbing phrase of Thatcher came from a politician no longer in office: former French president Valéry Giscard d'Estaing. Said Giscard: "Margaret Thatcher was, with Winston Churchill, the greatest British prime minister in the last 50 years. The Iron Lady was also a great lady."

In fact, most political analysts say that Thatcher performed valuable services to Europe before her increasingly confrontational opposition to integration cut Britain as influence in the 12-nation EC. She could often cut through

to the heart of complicated issues, forcing the EC to deal with the practical details behind the grand vision of European unity. She forced a drastic overhaul of the Community's budget, insisted on reforming the EC's controversial Common Agricultural Policy and demanded that aid to the emerging Eastern European democracies be conditional on their adopting political pluralism and a market economy. In fact, many analysts and last week that almost every EC country found itself at some point taking Thatcher's words, letting the Iron Lady take the criticism for obstructing legislation that they secretly opposed as well.

Reluctant: But her ability to influence the Community declined as she increased her opposition to a united Europe. The rupture became final in September, 1988, when, in a now-famous speech at Bruges, Belgium, she declared: "We have not successfully ruled back the frontiers of the state in Britain only to see them reappeared at a European level, with a European super-state embracing a new distance from Brussels." That speech amounted to a declaration of war, ensuring Thatcher's isolation from her European peers. "From that moment," said Peter Luffon, director of the Brussels-based Centre for European Policy Studies, "she became obsessed with defending British sovereignty to the exclusion of other issues." Added Luffon: "She became so pre-occupied in matters involving so political and economic issues that, in the end, nobody in Europe listened to her."

Despite Thatcher's departure, it seemed unlikely that a new British leader would approve political and economic union and the central bank and single currency that Thatcher opposed. The three contenders to succeed her, Michael Heseltine, Douglas Hurd and John Major, were well known in Europe, and Heseltine was the most popular because he broke with Thatcher over her European policies. Most European leaders expected that Britain would continue to defend its interest strongly, although with more tact and flexibility. Predicted one senior EC official: "It will, in sum, be a softer anger with essentially the same message: Any modifications are going to take months to come to the surface."

The first test of the new leadership's approach will take place on Dec. 14, when EC leaders meet in Rome to discuss political union and monetary union towards a single European currency. Many observers say that the EC's unity may still be lumpy even without Thatcher. In obstructing almost every move towards European integration, she had welded the other EC members together into what looked like a grand pro-unity coalition. But now, said a Brussels-based EC analyst last week, on condition of anonymity, "we don't think there's going to be a fast down, the 11 might suddenly discover they don't agree on as many points as they imagined." Thatcher had maintained that European unity was a pipe dream, and Europeans may now find out whether she—or her continental adversaries—will be proven right.

PETER LEWIS in Brussels

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THE WAGES OF GREED

**A DETERMINED
JUDGE SENTENCES
JUNK BOND KING
MICHAEL MILKEN
TO A 10-YEAR
PRISON TERM**

The large crowd gathered outside the New York City Federal Court house was a clear indication that the proceedings inside would be controversial. Standing in the dock was a formerly inviolable convicted criminal whose name just a few years ago was synonymous with drug, wealth and corporate success. But as he awaited sentencing last week, Michael Milken's name was more closely associated with a much less popular attribute—greed. More than any other defendant, the 44-year-old Milken was responsible for spurring the debt-charged economic boom of the 1980s. His creative use of high-risk, high-interest securities—which he named “junk bonds”—helped hundreds of U.S. companies to finance expansion and takeovers. But a 4½-year investigation by the U.S. Securities and Exchange Commission (SEC) concluded that Milken had manipulated stock prices, concealed the ownership of securities and committed a raft of other crimes. And last week, ignoring his tears and pleas for leniency, federal Judge John Siragusa said: “We ordered him to serve 10 years in prison.”

Milken gave every indication of recognizing the magnitude of his crimes. He declared: “What I did violated not just the law, but all of my principles and values, and I will regret it for the rest of my life. I am truly sorry.” The 200 spectators, many of them Milken's relatives and friends, who packed Siragusa's courtroom seemed stunned by the decision. And some of those in the crowd outside complained that the sentence was excessive. Said Martin Klein, a New York lawyer and close friend of Milken's: “This is clearly way out of proportion to the crime.” Standing nearby, Ira Lev Sorkin, a former prosecutor, offered a different view. “Devilized Sorkin” (This sends a very clear message to Wall Street that this sort of speculative abuse will be dealt with very heavily.”)



Milken entering courthouse: 'I will regret it for the rest of my life'

Throughout North America, many corporate executives and that Milken had been made a scapegoat for corruption on Wall Street. Roger Stone, chairman of Chicago-based Stone Container Corp., which used many of Milken's revolutionary financing schemes in the 1980s, was among many who applauded Milken's achievements as one of the world's most influential financiers. Said Stone: “Because of his creativity and ability to make things happen, society benefited as a whole.”

But other analysts said that Milken's sentencing marked the end of an era of unprecedented greed. Said economist John Kenneth Galbraith: “This will send a chill through Wall Street. A lot of people will probably be staying up nights wondering if they are

next.” Indeed, Wood said that she would consider reducing Milken's sentence—if he turned over information that helps to uncover other violations of securities regulations.

To a large extent, the SEC investigation focused on Donald Bursbach, a Wall Street investment firm that employed the Los Angeles-based Milken as head of its high-risk bond division. In 1986, SEC investigation charged Donald's managing director, Dennis Linn, with insider trading in a case also involving Roy Bueckly, a New York stock speculator. Linn was subsequently sentenced to two years in jail.

Bueckly, meanwhile, paid \$130 million in fines and penalties and was sentenced to three years in jail—a sen-

Bueckly: insider trading



tence that would likely have been much worse if he had not agreed to provide damaging evidence about other stock traders, including Milken. Bueckly, who served two years in prison, is now trying to re-establish himself as an investment dealer on Wall Street.

While Milken made millions of dollars legitimately selling junk bonds, he also admitted to brokering the low interest rates. In April, he pleaded guilty to obstructing justice, manipulating stock prices, paying bribes to investment managers and ensuring persons had money in

California at Berkeley in the mid-1980s. Milken studied the use of high-risk, high-interest bonds—then known as “junk bonds.” At the time, most of those securities were issued by companies that had financial problems and could not raise money from banks or other conventional lenders. Milken concluded that although high-yield bonds had a higher default rate than normal securities, they often proved to be better overall investments than blue-chip bonds because their purchase price was so low.

Milken put his ideas to work after joining Drexel in 1970. By 1984, he was earning nearly \$260 million a year. In the financial world, his achievements were legendary. He usually arrived at his office carrying two large sacks of documents. Sitting behind an X-shaped desk, he would ask visiting executives to describe their corporate finances. He then showed them how to transform those visions into reality—usually by convincing investors, including conservative pension funds and insurance companies, to buy high-interest bonds issued by his clients. As well as helping companies expand, Milken's bond-financing schemes also helped corporate raiders raid other major assets like over-huge companies.

Relatively low junk bonds have ever been issued in Canada. Between 1984 and 1988, Toronto-based developer Robert Campeau sold \$2.7 billion junk bonds, primarily to U.S. investors, to help finance his purchase of two big U.S. retail chains, Albert Heins Corp. and Federated Department Stores Inc., for \$1.2 billion. But Campeau's empire collapsed earlier this year when he could not make full interest payments on the almost \$10 billion in debts that he ran up to finance the deal. Last January, when Campeau went into bankruptcy, his junk bonds, with a face value of \$1,000, were trading for \$116. Since then, the market for junk bonds has virtually dried up.

Roger Stone was among those executives who began to do business with Milken in the early 1980s. Stone recalled that at first he could not fully understand Milken's complex use of bond proceeds, but he was captivated by his drive and determination. He added that Milken's main achievement lay in reaping the use of high-risk bonds by convincing large institutional investors to buy them. That allowed them to “blow it,” which undercuts most investors, to raise money and expand.

Whether those bonds were investments may soon be resolved in court. Nearly \$30 billion in civil suits, many of them alleging fraud, have been filed against Donald. Federal officials also say that Donald's illegal activities led to the failure of 40 small banks that had junk bond holdings. But because Drexel has few remaining assets, many lawyers say that they will likely sue Milken, who some analysts claim is still worth \$1 billion. If that happens, he will be forced to defend the business practices that have put his stock in a federal securities court, and that have led to the use of junk bonds in one of North America's most notorious financial centers.

TOM PENNELL with **LARRY ALACK** in New York

Business Notes

BUSINESS REFINANCES

The dropping mortgage pushed the number of prepackaged business bankruptcies in Canada up by 10 per cent in October from the same month a year ago. Ottawa reported that 1,149 companies and 4,773 individuals in the six-month period for protection from creditors. Meanwhile, retail sales in September dropped to \$32.6 billion, 4.3 per cent lower than a year earlier. After accounting for inflation, the drop was a record nine per cent.

PETROCAN PROFIT

The federal government expects to raise a least \$4.5 billion by selling its shares in Petro-Canada. Although details of the sale have not been finalized, Federal Privatization Minister John McCreesh said that 15 per cent of the Crown corporation's stock will be sold this spring.

INTEREST-RATE RELIEF

The bank lending rate in Canada rose last to 12.25 per cent from 12.35 per cent, triggering a series of cuts in chartered bank prime and mortgage lending rates. The Bank of Montreal cut its prime rate to 12.25 per cent from 12.5 per cent—the second time in two weeks that it has led the way in slashing the rate it charges its best customers. Most other leading institutions matched that rate and reduced many of their mortgage rates to under 13 per cent.

ADDING TO THE JOBLESS

General Motors Canada Ltd. will temporarily lay off 7,600 employees at two automobile assembly plants in Ontario, Ont., from Dec. 31. GM Motors began selling 1990 models, which account to nearly one-third of its Canadian workforce. The two plants are scheduled to resume full production on Jan. 2.

BRITISH BILL-OFF

Analysts expect Britain's most ambitious privatization plan, selling the country's \$22.6-billion electricity industry, to be a success after investors were promised a 5.4-per-cent dividend on their shares.

CAMPBELL HAMBURG FOR SALE

Belgian-owned developer Robert Campeau put his latest 24,000-square-foot Toronto mansion up for sale. A select number of real estate agents were invited, at a cost of \$180 for clients, to view the house, modeled on a French chateau and sitting on a four-acre site complete with an Olympic-sized indoor pool. The house is expected to sell for between \$15 million and \$18 million.



Danger lies south of the Rio Grande

BY PETER C. NEWMAN

The loose grasp of American capitalism, *Barbara West*, is already proclaiming the birth of "THE NEW NORTH AMERICA"—population, 358 million, gross national product, \$4.4 trillion. It would be the world's most homogeneous trading bloc—more giving a trillion dollars in so, when its commercial flows are calculated in Canadian dollars. The magazine celebrates the vision of a new trading bloc "stretching from Anchorage to Acapulco," with new trade and financial flows "touching off a decade or more of rapid economic growth fueled by a surge of investments in infrastructure industry as a continental scale."

Great stuff. The advantages for Mexico of a North American common market are obvious. President Carlos Salazar de Gortari, the 11-year-old underemployed economy, faces the dilemma of a population due to grow by 25 million, to 139 million, in the next two decades. His only hope of providing them jobs is to attract capital investment, south of the Rio Grande, the lure is powerful: wages plus benefits that average \$1.68, less than half the gang rates at Toyota or South Korea. Sales rightly attract free trade as the best chance of keeping his citizens from moving north. "To us," he says, "free trade means more job creation and less immigration to the United States. We want to export goods, not labor" (When Mexico hesitated to send a team to the 1984 Olympics in Los Angeles, the pike capitalists was that every Mexican who could risk, pump or swim was already in the United States?).

The United States has even better reasons for signing free trade with the Mexicans. As well as the overwhelming advantages of buying a cheap and easily accessible labor pool, free trade would give American manufacturers an extra source of 64 million goods-hungry consumers. In the past four years, U.S.-Mexico commerce has tripled to \$70 billion, and a comparison of per capita annual

outlooks, or already existing secondary-manufacturing sector will become increasingly vulnerable under the proposed arrangement. At least a North American trade deal would stop our manufacturing plants from fleeing to the United States. They'll move to Mexico instead.

Canada's main thrust point for any North American trade deal will be the continued viability of the U.S.-Canada Auto Pact. Once free trade with Mexico is in effect, there would be little reason for any manufacturer to stay in Canada, no matter how heavily the company has invested here. Half a dozen Canadian auto-parts manufacturers have already opened plants in Mexico and others are in the process of moving there. The wage differential is what remains a labor-intensive industry are just too wide to be bridged. Unskilled assembly-line workers in Ontario average \$14.71 an hour, compared with Mexico's \$1.30.

Ford recently shifted some of its car-seat production from St. Thomas, Ont., to Mexico, throwing 140 people out of work, and the trend will continue. Car manufacturing has almost overnight become Mexico's fastest-growing industry, and General Motors is the country's largest private employer. Chrysler assembles complete cars there, and Ford has just spent nearly \$3.2 billion for a new assembly line to produce Mercury Tractors for the U.S. market. Nissan is investing \$1.2 billion for a car plant, with a dozen Japanese parts suppliers opening feeder operations in the same area. The Japanese consider the cars to be of high enough quality to ship back to Japan. Volkswagen's whole North American production has been concentrated in Puebla, just east of Mexico City, where a new factory is planning to supply its fleets to the entire South and Central American market.

What has maintained the Auto Pact as an important protection for us is that under its terms cars with 40 percent Canadian, Canadian or American content are considered imports. That makes them subject to both tariff and non-tariff barriers that if "North American content" rule is widened to include Mexico, the high-cost Canadian car- and parts-manufacturing plants will be left out in the cold.

Dealing with our new trading partners may prove to be tricky. "Mexico is a cash society," says Ted Skelton, an expatriate Canadian essayist who has spent a lot of time there. "It's a term from the Mahabharata which means 'zero interest' and the basic principle underlying social relations is the one of reciprocal obligations between partners through which personal and collective security exists as the creation of personal and economic support networks. On a personal level, it means Mexico has deep and intense friendships, fierce loyalty and, within the network, unconditional generosity."

With no benefits due to us, we should stay out of any free trade arrangement with Mexico. Facing the dangers of a North American common market, we should adopt Remon Trujillo's axiom when he was federal secretary minister: "Free trade," he warned, "is like self-sufficiency with a hatchet."

PEOPLE

Double the pleasure

Though actress Julia Roberts got the credit, none of her character's body in the recent movie *Pretty Woman* actually belonged to a double: appearing instead, Michelle. Sad Michelle, 35, Julia wasn't comfortable with a lot of the camera shots. She didn't mind that I did. She was happy someone could make her look so



Michelle's screen appearance was screen

good." Michelle has also doubled for Kim Basinger in last year's *My Sister Sam* as Anna, and for Catherine O'Hara in her upcoming movie, *Goodbye, Mr. Toshiro*. "I've been a double for a long time, and I think she's a great actress. I've been a double for a long time, and I think she's a great actress. I've been a double for a long time, and I think she's a great actress."

Showing off the tempest tosser

Author Robertson Davies, the subject of award-winning Canadian filmmaker Barry Kosky's latest documentary, says that the film is "really terrific—a good subject." Near north, the CBC will broadcast *The Magic Season*

of Robertson Davies, which mixes interviews with Davies and dramatizations of his works. In the film, Davies criticizes Ontario for being "mentally underdeveloped." And about his home town of Charlottetown, Ont., he says, "There were some very bad underdeveloped minds were

Davies: a good subject!



Recycled classics

Canadian singer-songwriter Joan Mitchell's 15-year career that began a new wave in Los Angeles, audiences and critics are re-sponsoring enthusiastically to *The Joan Mitchell Project*, which features such Mitchell trademarks as *Both Sides, Now* and *Help Me*. Los Angeles Times reviewer Sylvie Drake called the show a "celebration." And Mitchell, 47, secured a standing ovation when she attended a recent performance. Rates for screened music.

Mitchell: excited for a celebration!

THE 'WHITE ZULU' UP NORTH

Pop musician and environmental activist Johnny Clegg often crosses the color barrier in his native South Africa. The man known as the "White Zulu" has been arrested several times simply for associating with blacks. And when he married last year, he had a traditional Zulu wedding for which he and his wife assumed intricate Zulu dances. Clegg, now in a Canadian town, says that he prefers performing his political songs for white audiences. He told Clegg: "There's no point singing *One More, One Vote* for blacks—the issue is obvious to them."

Seen, not heard

A lot of selling, seven million dollars of pop duo Milli Vanilli's record-making debut album, producer Frank Farian admitted that the voices on the album were not those of the lead singers, Rob Pilatus and Fab Morvan. And Farian said: "We've been a bit over. You get something bad, for that, you make a bit with the best. Now, efforts have revealed Milli Vanilli's 1993 Grammy award. And the discovery of the Best Award caused that they will move on Dec. 3 to decide the fate of the duo's 1989 Jaws for best international album. Beauty is in the eye of the beholder."



Morvan (left), Pilatus: don't let go



a quarter each week, and some of interviewers between married, convincing adults was considered extremely suspect. But convincing on the role in making the documentary, he was less intelligent. Said Davies, 77: "I had been alarmed that I might have to be sent away to get my teeth capped, but it all went off reasonably."

OPEN BORDERS

**RAPIDLY MODERNIZING
MEXICO WANTS TO CREATE A
FREE TRADE ZONE WITH THE
UNITED STATES AND CANADA**



A member of the housewives of Chihuahua, a desert city on a high plain in Mexico's Sierra Madre mountains, are upset with the foreign-owned factories that have arrived in the city in the past 30 years. Before the new plants came, there was no shortage of young women willing to help there in businesses—earning the meager wage of about \$3 a day. Now many of these women are working in the factories, where an experienced operator can earn as much as \$8 a day plus benefits. Leopoldo Mares, a businessman who runs a private-sector group that promotes economic development in the area, acknowledges that the plants have created a mixed blessing. But he adds, "I think not having enough trade is a good thing for a country." The experienced job prospects for Chihuahua's young women are just one sign of the profound transformation taking place in Mexico as the country moves to open its economy.

The stereotype of the Mexican worker as an unskilled laborer whose bent fingers simply assemble single products is a misleading picture of the modern industrial revolution under way in Mexico. Taking advantage of cheap labor rates and close proximity to the vast U.S. market, Mexico's leaders are trying to entice their country into the league of North America as efficient, low-cost producers of high-quality goods. Already, the strategy has brought jobs and increasing prosperity to the northern region of the country, where multinational giants such as Kodak Inc., IBM Corp. and Sony Corp. have set up factories close to the U.S. border. They have been joined by a handful of Canadian companies, including Magna International Inc. of Markham, Ont., and Pico Mexico (a unit of Teknowledge, Ont.). In the long run, experts say, Mexico's push to export even more mass-produced goods for Canada's manufacturing sector, which relies on the massive U.S. market and is already suffering because of high interest rates, unfavorable exchange rates and pressure from overseas competition. As a result, opposition to a proposed free trade agreement among Canada, Mexico and the United States is increasing in Canada (page 32). And some critics say that Canada's so far unimpressive record under the Free Trade Agreement with the United States should make Ottawa wary of opening its doors to Mexico (page 35).

Revolution. Mexico's once self-confident air has been replaced from the anti-epidemic traditional spectacle of the bullfight. It is built instead on the economic cauldron of young men and women who want a better life for their children. At 88.8 million, Mexico's population has an average age of 23 years, compared with 33 in Canada. The country also has an energetic young president, 42-year-old Carlos Salinas de Gortari, a Harvard-trained economist who has vowed to accelerate the country's transformation to a free market. Since taking office in 1988, Salinas has signaled his intent by dramatically lowering tariff rates on goods coming into the country and reversing a long-standing protectionist government policy with his push towards more liberal trade. This week, he will accept U.S. President George Bush in the Mexican city of Monterrey for

the signing of a free trade agreement with the United States.

Morales (left), Chicleur pay goes 'up and up'



Bullfight in Mexico City: Mexican culture thrives even as other popular images of the country are being transformed

discuss the latest stage in his campaign—the proposed free trade agreement encompassing Mexico, the United States and Canada.

Nowhere is the modernization of Mexico more evident than in Chihuahua, 360 km south of the border. Surrounded by mountains, it has managed to escape many of the social problems—including drug abuse, prostitution and a chronic shortage of housing—that afflict Mexican cities closer to the border. Instead, it offers a quiet, family-oriented atmosphere and is known for its silver mines and cattle ranches. Cowboys stroll the streets and restaurants feature steaks in many shops and sales.

Even before the foreign plants arrived, the region was one of the most prosperous in the country. Local authorities say that Chihuahua has more millionaires per capita than any other place in Mexico. For foreign companies the city's stability and its educational facilities make it an ideal location. In addition to the University of Chihuahua and the Chihuahua Technical Institute, the city is home to a campus of the Monterrey Institute for Technology and Higher Learning, which is affiliated with the Massachusetts Institute of Technology in Cambridge, Mass. Even many top doctors and academics in the city have depressions in real estate, according to experts.

The influx of foreign-owned companies has provided jobs for thousands of unskilled workers, whose families dwell in makeshift brick houses at the slopes of hills at the edge of the city. But it has also led to the rise of a thriving class of skilled workers and managers. As a

result, middle-class housing subdivisions are springing up throughout the area. Local supermarkets feature imported Swiss chocolates, French mustard and because more women are working outside the home, large frozen food departments.

Daily life. In many ways, 29-year-old Patricia Morales is representative of the young, well-educated professionals who are helping to revitalize Mexico. Five years ago, Morales, a graduate of the Technology University of Mexico in Mexico City, got a job as a clerk at an electronic systems factory in Chihuahua owned by Westinghouse Electric Corp. of Hampton, S.C. The factory is one of the city's 60 so-called maquiladoras—foreign-owned assembly plants that export their components they first sell and all most of these products to customers outside of Mexico. Employing 600 people, the Westinghouse factory turns out electronic circuit boards and wiring assemblies for use in such things as aircraft anti-aircraft control systems. Currently Morales is the head of the factory's 21-member accounting department. Although Mexico's per capita income is only one-fourth of Canada's, Morales's standard of living is clearly middle-class. She and her husband, Jorge, who works in the maintenance department at the same Westinghouse plant, have almost finished building and decorating their first home. They have also managed to buy a car, a television satellite dish and a microwave oven, and they have taken vacations to the United States and Canada. Security here for the now all are born as the factory keeps

that surrounds their new home, the pink split-level bungalow would fit into most Canadian suburbs.

Morales's relative affluence is in stark contrast to her modest upbringing. Although her father is a doctor, she says that her family was poor when she was growing up. She attributes her success to her parents' belief in the value of education and to the new jobs provided by the foreign manufacturing plants. After Morales finished high school in Mexico City, her mother urged her to become a flight attendant. Instead, she went to university, studied accounting and got a job in Mexico City, before moving to her new job in Chihuahua. She says that she never imagined, as a young girl, that she would end up with a career, a house of her own, the household chores and a life as much better than her parents'. She adds, "I never dreamed my life would be like this."

Across the city at another maquiladora—General Motors' Buick Ramo auto-parts plant—58-year-old Jesus Villalobos Rivera is also enjoying success. Dressed in a plaid shirt and cowboy boots, he says that his mother used to plead with him not to become a bus driver like his father. "Now, I make three, not drive them," he says. "I am the pride of my family." With the help of a scholarship, he studied engineering at the Chihuahua Technical Institute before starting to work at the GM plant in 1986. Since then, Villalobos Rivera has taken several technical and managerial training courses, and he has also learned to speak English. "I just wanted to eat a bit up," he adds.

"I wanted to study everything and be a scientist. I wanted to be an engineer."

Now, Villalobos Rivera supervises about 150 people, mostly line operators and technicians, and oversees two product lines at the 1,100-employee plant. Among other things, the factory makes and tests the spring-light assemblies used in 200 million vehicles sold worldwide in North America. He and his wife are living with her family while their house is being built. A year from now, they say, they would like to begin a family. And Rivera says that eventually he wants to start his own business.

Change: For Mexicans, the maquila factories are providing a taste of the massive changes that would be set in motion by a North American free trade agreement. Under the rules of a 1992 agreement between Mexico and the United States, foreign companies are allowed to export materials and equipment duty-free as long as the finished products are exported back to the United States. U.S. customs officers charge duty only on the value added in Mexico, primarily labor. The agreement enables U.S. companies to manufacture goods more cheaply than they can in Mexico. At the same time, the program has created large numbers of new jobs in Mexico. There are now about 1,000 maquila plants in the country, employing about 450,000 people.

In the United States and Canada, union leaders and other critics of Mexico's maquila zone program complain that the plants are taking jobs from their members and giving them to Mexicans who work for much less money and do not expect comparable health-and-safety conditions. They point out that workers at the factories earn an average of less



Chihuahua auto-parts plant: high tech

than \$1 an hour, compared with an average hourly wage of roughly \$11 for workers in Canada and the United States. Still, the majority of Mexicans appear to welcome the maquila factories. "Oh, yes, it's a very good job," said a smock-covered assembly-line worker at the Westinghouse plant in Chihuahua. "It's the best job I've had."

As well, many Mexicans say that they expect

the rates of pay in maquila factories will continue to rise in the future. Still Oscar Chole, 34, engineering manager at the Westinghouse plant. "The tendency is for pay to go up and up. We see it happen every year."

In North America, many union leaders say that the maquila have stolen jobs that would otherwise have been available to Canadian or American workers. Ford Motor Co., for instance, has a modern, high-tech factory in Chihuahua that produces more than 1,000 engines a day for the Tempo and Tazari model cars that are assembled in the United States and Canada. But company representatives maintain that without the aid of inexpensive Mexican labor, they would be unable to compete with products imported from Southeast Asia and Europe—two regions that rely on low-wage counterforce at least some of their manufacturing. Still, Robert Kaplan, general manager of Chihuahua's Westinghouse plant, which makes components used in the U.S. power plants for the production of large products. "Westinghouse has two free-market contracts because of this plant. If we weren't here, the company would have lost jobs in the United States."

Quality: Employees say that the relatively low-paid Mexican workers turn out goods that are equal in quality to those produced in North America. In many cases, the people who staff the assembly lines have never had full-time jobs, but almost all of them can read and write and do basic mathematics.

At the same time, the foreigners who operate Mexico's maquila factories say that they have had to adapt to a workforce that is far different from the ones they are accustomed to operating in Canada and the United States.

Logic's Westinghouse plant, which is non-unionized, offers free breakfasts to the children every Monday to reduce absenteeism. And because Mexico culture places great importance on the role of mothers, the company gives an extra day off for Mother's Day and provided all of the mothers in its workforce with a special gift.

Still, problems remain. A shortage of housing is one of the most severe facing the boom cities of northern Mexico. The foreign plants have attracted thousands of workers who can find jobs, but not homes. The housing shortage is creating growing interest in the border cities, and many problems by residents demanding improvements have become increasingly common.

Turnover: For the plant managers, employee turnover is one of the biggest problems. The plants are still trying to hire young workers because of their manual dexterity in assembling small items, sometimes less than an eighth to 30 per cent of their workers each month. As a result, the maquilas are constantly searching for ways to keep their employees satisfied. By carefully screening applicants before they are hired, Westinghouse has managed to reduce its turnover rate to about two per cent a month. Lopez says that the company usually hires young women who have never worked anywhere else. It also tries to hire women who are relatively inexperienced in the plant so that they feel more comfortable as they enter the working world.

Unions are another uncertain variable in Mexico's struggle to modernize. Critics say that the country's established labor organizations are more interested in controlling close



Soldados (left), Basic goodwill

relations with employers and Mexico's ruling Institutional Revolutionary Party (PRI) than they are in standing up for workers' rights. Says Antonio Sotolongo, a union shop steward at GM's Delco Remy plant. "They [union leaders] are not fighting for the workers' interests right now." For its part, the PRI appears equally concerned with preserving its following among union leaders.

A sign of that closeness is the fact that a new government office is now located in Chihuahua. It is named after Fidel Velázquez, who leads the 5.5-million-member Confederation of Mexican Workers, the country's largest trade union. Primarily, some foreign employers say that they are more concerned about who will replace Velázquez. If, then, they are slow, Solís's success because, in some ways, he has more control over day-to-day industrial needs than the government.

Despite Mexico's economic accomplishments—its GDP, the economy grew by 2.9 per cent, the first expansion since 1980—many Mexicans are worried about the effects of a free trade agreement. Still, Mexico, who gives a class of foreigners shopping centers in Chihuahua. "We are very fearful about it. We can't be sure when it will come," he added that as a result holding together 360 has north to Rio Paso. Ten, the nearest U.S. border city, to shop, as per because they believe that the U.S. city has greater variety of high-quality merchandise.

Still, Mañón and, on balance, he focuses a three-million trade agreement. Setting in his office recently, he pulled a cassette tape recorder from his desk drawer and switched it on. Suddenly, his desk office filled with the voices of Luciana Ponce, Florida Dominguez and José Carrasco, the world's first leading sports team. Like the engines, Mañón says, Mexico's maquila workers are glad to work together rather than compete against each other. He added, "We must learn to sing the same song."

BRENDA BALGALIN in Chihuahua

GAINING A NEW LEASE ON LIFE

For Gustavo González, foreign-manufacturing plants began arriving in Mexico at just the right time. After earning a degree in an interior design, González, 35, spent a year at a union position at a Mexican-owned steel company. But his fortune began to improve in 1992 when he took a new job with Delco Remy, a subsidiary of General Motors, that makes electrical controls for cars. Still, González, who is in charge of quality control at the company's Chihuahua plant. "The maquila came at a good time. They came when the government needed just creating jobs."

González adds that the foreign-owned assembly plants, many of which are U.S.-controlled and connected to the auto industry, have helped to improve living standards in Mexico because they pay better wages than Mexican companies. Perhaps more important, many of the plants offer on-the-job training programs to help inexperienced Mexican workers acquire new skills. Delco Remy's "We need to learn, and

they were there to teach us." González grew up in Ciudad Cuernavaca, a city of 60,000 located 150 km southeast of Chihuahua. His father worked in a water utility and his mother sold house, raising nine children. González says that he studied hard and set out plans to move to the United States to live with his family. In state academic contest, later, he secured a government grant to study abroad at the Chihuahua Technical Institute.

Although González declines to reveal his salary, he says that he makes more money working at Delco Remy in Chihuahua than he would have in his home town. He says he is now concerned that the influx of foreign companies could harm his country's economic progress in the long run. That is because the plants greatly impact their companies from the side of Mexico rather than domestic suppliers.

Like many Mexicans, González says that he would prefer to see the government supporting domestic companies instead of trying to attract new plants from abroad. And although González is trying to convince his children's school to introduce English-based



González, concern over American influence

he says that he is worried about the increasing influence of American culture on Mexico. One indication of that, he says, is the fact that Halloween celebrations are overshadowed by the Day of the Dead, a time when families commemorate their recently deceased relatives by preparing in the cemeteries where they are buried. Still, González, "Americans are our traditions, not ours."

B. B. in Chihuahua

SHADOWS OVER THE FUTURE

Ronald Trudell says that he and many of his fellow Mexican workers are worried by the prospect of cheap trade links between Canada and Mexico. The 34-year-old auto-parts specialist at his home town, Delco Remy in Windsor, Ont., stops next week, major unions and other international parts that he says that he has an employer will eventually move to Mexico to take advantage of lower labor costs, weak unions and less stringent health-and-safety standards. He added, "If you owned the company, what would you do?"

Trudell earns \$13.35 an hour, as well as benefits. He and his wife, who works as a secretary for a charitable agency, currently live in a small apartment in one of his two-bedroom apartment and make monthly mortgage payments on a house. He adds, however, that they are unwilling to do so because of the possibility that he could lose his job if the company shuts down at Delco Remy. He added, "It's like to give up the house after a year because I couldn't

afford to pay the mortgage."

The auto-industry slump that hit Windsor during the past year has further shaken his confidence. With car sales weak, North American automakers are cutting production and reducing their parts supplies, including those from Mexico. Several auto-parts specialists at his home town, Delco Remy in Windsor, Ont., stops next week, major unions and other international parts that he says that he has an employer will eventually move to Mexico to take advantage of lower labor costs, weak unions and less stringent health-and-safety standards. He added, "If you owned the company, what would you do?"

Trudell fears that could well continue even after car sales pick up. "I've worried about people in Mexico taking our jobs," he said. Although Trudell earns several times more than a comparable Mexican worker, he says that it is difficult to save money. To economize, he and his wife now often drive to Detroit to buy groceries instead of purchasing them in Canada. "A bag of groceries that costs \$90 here is only \$50 over there," he says. "If you had two kids, wouldn't you shop there?"

The new Trudell employees appear to be better off than Windsor. In January 1990,



Trudell, concern about Mexicans taking jobs

South Star, Mead, Ont.-based Algoma Steel Corp. Ltd. purchased Thorne and began to modernize much of its equipment. And last week, Thorne's management signed a five-year, three-year contract with the Canadian Auto Workers' union, which offers health protection and several wage and benefit improvements. Still, Trudell remains uneasy. "It's great to have all that, but they could turn around and lay us off as a couple of months."

JERRY DUFF in Windsor

BACK TO THE RAMPARTS

OTTAWA SPARKS A NEW FREE TRADE BATTLE

History may remember it as one of Canada's more divisive and bitter election battles. Two years ago, veteranized Prime Minister Brian Mulroney's Conservatives to office with a majority after an election-charged campaign based largely on the government's policy of free trade with the United States. Now, with the angst that battle still relatively fresh, Mulroney and President George Bush are planning to go even farther by expanding their North American free trade pact to include Mexico. Formal negotiations on a possible three-way accord are unlikely to begin before summer, but Ottawa's decision to participate has already sparked a heated new trade debate. Declared not a trade critic, David Emerson: "The next election will be fought on free trade again. We don't believe Canada should be at the table."

For now, senior trade officials from the three countries are still trying to come to an agreement on the format for the talks and on the specific issues that will be discussed. But Canadian Trade Minister John Crosbie says that Ottawa is determined to be a full and equal participant in any future trade agreement involving Washington and Mexico City. Crosbie and many business leaders claim that, by signing such a deal, Canada will gain improved access to the \$4-million-strong Mexican market and avoid losing industries and jobs to the United States and Mexico.

Privacy. The government's critics, however, say that U.S. officials will likely take advantage of the talks to try to weaken some of the provisions of the earlier agreement—including clauses that shield Canada's cultural industries and social programs. Other critics claim that it is costly wrong for Canada to strengthen its commercial ties with Mexico, a country in which a third of the population lives in poverty and where some human rights groups, including the Canadian branch of Amnesty International, have cited for violations of fundamental freedoms.

In Houston this week, Crosbie is scheduled

to meet Mexican Trade Secretary Jaime Serra Puche and U.S. Trade Representative Carla Hills. At the same time, Bush and President Carlos Salinas de Gortari will hold talks in Monterrey, Mexico. The series of private discussions among the three trade ministers will end in February, setting the stage for the launch of formal negotiations in June.

Crosbie's meeting in Houston follows a similar encounter last week in Washington involv-

ing pharmaceutical manufacturers and other industries. Kitchner, now an Ottawa-based trade consultant, said that the government will have to negotiate carefully to keep the FTA strong. "I spent 24 years in a classroom getting beaten up by a bunch of egg Americans. I wouldn't be in a hurry to go back in."

Kitchner said that Canada may find itself in an awkward position at the negotiating table. Indeed, Mexico's ambassador to Canada, Alfredo



Demonstrating for improved housing in Chihuahua. 'We do not wish to see Mexico exploited'

ing senior trade bureaucrats from all three countries. Canada's deputy minister of trade, Donald Campbell, who attended the session, said that the three countries reaffirmed their commitment to a North American free trade area. But he added, "We are not going into the negotiations with a view to opening up the Canada-U.S. Free Trade Agreement at all."

Still, trade experts say that Canada will likely find it hard to avoid dealing with some of the lingering issues from the Canada-U.S. talks. Gordon Kitchner, who was Canada's deputy chief trade negotiator from 1986 to 1988, said that U.S. officials may be looking forward to new trade discussions because it will enable them to raise long-standing U.S. complaints about Canadian barriers that protect farmers,

Phillips, last week criticized Canadians for what he called their "delinquent" attitude towards a free trade accord with his country. He added, "There are people in Mexico who feel that Canada's participation could delay or hamper our negotiations with the U.S."

Privately, Mexican officials say they are worried that any delay in securing a free trade agreement could harm the country's efforts to reverse its weakening economy. Selous, who has spearheaded the current drive to modernize Mexican industry, has already served a shoddy of his six-year term, and by law he is forbidden to seek re-election. Under his leadership, Mexico has re-accumulated \$100-billion foreign debt, provided hundreds of state-owned corporations and reduced many of

• GIBSON'S FINEST STERLING EDITION •



• WHEN ONLY THE FINEST WILL DO •

on tariffs and duties. His aim, he says, is to enhance Mexico's ability to compete without competing with its own government intervention.

Salinas's reforms have won the approval of business leaders and free-market economists in the West. But in Canada, labor leaders and other critics say that Mexican workers are making most of the sacrifices needed to enable the country to achieve its rapid walk to industrialized. *Forbes* magazine's editor-in-chief, Jeffrey McLaughlin, for one, has said that it is "morally wrong" for foreign corporations to pay their Mexican employees far less than they would pay workers in more developed countries. And Barrett adds that Canadian wages could plummet if Canadians are forced to compete directly with Mexican workers. He added, "We do not wish to see Mexico exploited as a cheap labor partner, or Canada forced to share its labor wages."

Exploitation? But the U.S. is a copartner to a North American free trade agreement strikes many analysts as self-serving. Ronald Winters, an economist at the University of Western Ontario in London, says continued free trade would help to expand the Mexican economy, leading to higher productivity, higher wages and more disposable income. Indeed, he says that Canadians who criticize the exploitation of Mexico

HOW THEY MEASURE UP

	Canada	United States	Mexico
Population (millions)	26	246	84
* GNP (billions)	\$522	\$5,816	\$212
GNP/person	\$20,052	\$23,606	\$2,512
Inflation rate (1990-91)	5.2%	5.8%	27%
Infant deaths (per 1,000 live births)	7	10	45
Literacy rate	99%	99%	88%

* Data courtesy of the U.S. Department of Commerce, Bureau of Economic Analysis

labor are, in effect, saying that "we're rich and we're going to tell the Mexicans what's good for them—to stay poor."

Even if trade hinders labor, trade experts say that Mexico still has many obstacles to overcome. Ritchie notes that much of the country's labor force is unskilled, ill-educated and em-

ployed turnover is high and the workforce is relatively unproductive by Canadian standards. Any new factory in Mexico has to contend with expensive raw materials, often shoddy construction work and a primitive telecommunications system. Mexico's notoriously inefficient government bureaucracy, although caused somewhat by Salinas, remains formidable for foreign investors. In comparison, Ritchie says that Canada still has many competitive advantages, including "sophisticated technology, a skilled labor force and a high level of capital investment."

Citing the economic disparities among the three countries, analysts say that the central free trade pact is likely to be both anxious and apprehensive. Moreover, the pact may present a formidable political challenge to the federal Conservatives. The government's pursuit of unpopular policies—including the Goods and Services Tax, high interest rates and recent changes to the unemployment insurance system—has already dragged it down to a record low level in the public opinion polls. Now, with less than three years remaining before the next election, the Tories appear ready to tackle yet another divisive issue. The cost could be high.

NANCY WOOD in Ottawa

THREE STATES IN SEARCH OF A DEAL

In September, Mexican President Carlos Salinas de Gortari signed the North American Free Trade Agreement with the United States and Canada. Mexico's National American Correspondent, *El Financiero*, interviewed Salinas on economic life in Mexico City. Excerpt:

Maclean's: From Mexico's standpoint, why is it advantageous to include Canada in the talks?

Salinas: We have very good relations with Canada. We are both industrial countries, we depend on others, and we are both pretty much for an open economy. Having a trade with the same interests is always very good.

Maclean's: What did you learn from the talks in the Canada-U.S. Free Trade Agreement?

Salinas: A lot. One of the things we learned from both the Americans and the Canadians is that out of those three years of negotiations, half of the time was lost. During the last year and a half, there seems to have



Salinas: 'A way to create jobs in Mexico'

been some lack of definition of what was at the table and what was not. I think that period could have been shortened substantially. Mexico's Canadian negotiators say that they had an advantage in the FTN negotiations because they were better prepared than U.S. officials. How are you preparing for the talks?

Salinas: Among other things, we have studied the experience of Spain, which joined the European Community in 1986. That case is interesting for us because Spain was a small, less developed country joining a trade agreement with a larger country. So I think we are well prepared, and we will be better prepared when

federal negotiations really start. Maclean's: Finally, one Canadian official says that Mexico may have trouble paying commitments with U.S. negotiators. Are you confident that you can hold your own in the talks?

Salinas: Oh, yes. When the government decides that something is a priority, resources are put into it. Maclean's: What importance is labor issues in part of the negotiations?

Salinas: We see a free trade agreement as a way to create jobs in Mexico. That being the objective, we want Mexicans to remain Mexican. We do not want them to go work in the United States.

Maclean's: Are you concerned that Canada is arriving without joining these negotiations?

Salinas: Definitely. I have the best relations with Canada, a friendly manner of trade. Don Campbell, I know that they believe in a North American free trade agreement as a way to make Canada even stronger so that it can lead the European Community, Eastern Europe, Japan and everybody else. I'm fully convinced of it.

THE FLIGHT OF INDUSTRY

A HIGH-COST ECONOMY TAKES THE RAP

For Thomas Buckley, it was a rare opportunity to meet the man whose economic policies are causing him financial pain. On an overcast Sunday late last September, the Mississauga, Ont., businessman joined Prime Minister Michael Wilson and two other men for a social round of golf at a country club 30 km west of Toronto. Two weeks later, Buckley, whose company of \$30-million-a-year industrial tool business is

specific undertakings, the businessmen as general optimism that economic conditions in Canada will soon improve. A growing number of other executives, however, appear to have already given up on Canada. Many are turning their attention to the United States, attracted by lower wages and real estate costs, by a market that is roughly 30 times larger than Canada's and, frequently, by special incentive programs provided by state and municipal gov-



Buckley in his Mississauga, Ont., factory: "We are just looking to survive"

ernments. In Canada, critics say that one of the major causes of the exodus is the 23-month-old Free Trade Agreement (FTA), under which tariffs in trade between the two countries are slowly being dismantled. Some economists, however, say that the midwest trend results from a wide range of federal policies, including high interest rates and the increased value of the Canadian dollar relative to the greenback. There is little doubt that Canadian industry is under severe pressure. In Ontario, the heartland of the country's manufacturing sector, 87 factories shut down or scaled back their operations during the first half of 1990, according to

most previous's history of policy. That was almost twice the number than in the same period last year. And according to the Canadian Manufacturers Association, the number of jobs in the manufacturing sector shrank by 134,000 between July, 1989, and July, 1990—a loss of one to 15 manufacturing jobs. Still, don't get lost. Lincoln, Illinois, 77% or so in 1974, we can't compare it to a very costly to manufacture in Canada."

Among the 12 U.S. states that have gained from the move is Buffalo, N.Y., across the Niagara River from southern Ontario. Gov. officials say that out of 100 companies that have relocated or opened new offices in the Buffalo area since 1987, 83 are Canadian. In the first six months of this year, newly arrived Canadian companies created 122 new jobs for Buffalo residents.

According to a survey of 1,000 polls, the vast majority of Canadians believe that the Free Trade Agreement has hurt the country's economy. In an October Gallup poll, 71 per cent of Canadian respondents said that the United States has gained more from the FTA than has Canada. In the same poll, 61 per cent said that Canada gained more from the deal.

As the country reduces the highest levels of plant closures and layoffs since the early 1980s, many leaders and others are quick to claim that the FTA is drawing Canada of jobs that will never return. Saul Meade Barlow, who heads the Canadian branch of 18,000-member Council of Canadians, "We need to take the agreement right now. Otherwise, we will certainly become a nation of unemployed."

Some critics acknowledge that free trade is only one of several factors causing job losses in Canada. But they say that the gradual elimination of Canadian trade barriers has imposed a heavy price tag for companies to remain in Canada, while exposing those firms that remain to increased competition from foreign goods. He added that the loss of jobs will become even more severe if Canada becomes part of an expanded

free trade area that includes Mexico, where industrial wages are far below those currently paid in Canada.

But many economists and business leaders say that it is unfair to hold the FTA responsible for the loss of Canadian manufacturing jobs. Part of the problem, they say, is that Canadian taxes and wage rates are higher than those in the United States, and worker productivity is lower. Saul Meade Barlow, a professor at Simon Fraser University in Vancouver who was among the FTA's most vocal supporters, "The frightening thing about the Canadian economy is that costs are out of line with our

productivity is therefore not growing as fast as in the United States." Lepage added that, so far, most concessions in tariffs under the FTA have been relatively minor. "An average reduction of two percentage points in tariffs is not enough to cause this problem," he said. "Anti-free traders are taking it wide-eyed."

That is no opinion expressed by easy-bear leaders. But they add that the federal government, which waged an uphill battle to introduce the FTA in the first place, has since failed to create the economic conditions that are necessary to ensure its success. Most of the subsequent focus on Wilson's tight economic policies—particularly his insistence on using high interest rates to contain inflation besides making it more costly to borrow money, the rates help to prop up the value of the Canadian dollar in foreign exchange markets. That makes it more expensive for foreign customers to purchase Canadian products. Declared Lepage: "It could not be a less favorable environment for the FTA."

Worried: One firm that has benefited from the FTA is the Stanley Tools Division of Stanley Canada Inc., which manufactures toolboxes at a factory in Smiths Falls, Ont. Stanley Tools president David Talbot says that, partly because of lower tariffs, the company plans to expand its production and increase its exports to the U.S. market. But Talbot added that he is worried that high interest rates, the high dollar and high taxes will offset some of the company's gains from the FTA.

But as the list of plant closures and layoffs grows longer, labor leaders are stepping up their challenge to the government. Brian Campbell, vice-president with the 3.2-million-member Canadian Labour Congress, says that the removal of trade barriers under the FTA was "directly and exclusively" responsible for eliminating 185,000 jobs between Jan. 1, 1980, and May 1, 1990. And he predicts that the number of lost jobs will likely double by the end of this year. Aswerts Campbell: "For every five trade jobs lost, there is one spin-off job lost—and that is a conservative estimate."

But even as the debate over Canada's economic policies intensifies, an increasing number of Canadian-based companies are quietly deciding to shift some or all of their operations to the United States. Business conditions are simply better south of the border, they say. John van Brunt, whose family's machinery manufacturing company has operations in North Bay, Ont., since it began in 1977, opened an office in Buffalo earlier this year to serve his U.S. customers, who account for 70 per cent of the firm's sales. Lower land prices, cheaper labor rates and less costly office supplies were among the reasons for the move, he said. But another factor, he added, was that the business climate in the United States is freer. Declared van Brunt: "It was like a great welcome wagon when we got there." For more and more Canadian companies, the warmth of that welcome is becoming hard to resist.

PATRICK CRONIN and
BARBARA FOLENS in Toronto

Paradise postponed

Canadian business leaders were among the strongest supporters of the Canada U.S. Free Trade Agreement before it was signed two years ago. Now, some say the agreement's benefits are hard to quantify. Their reasons:



PETER LOUGHEED, Calgary lawyer and former Alberta premier: "There is no question in my mind that the positive benefits of the FTA that we envisioned will, over time, be realized. One example was the U.S. approval last month to export Canadian natural gas to pipeline from Alberta to New England. But I am disappointed that the FTA's benefits are being diluted by a high-interest-rate monetary policy. The Bank of Canada has made a grave error as judged."

SONJA RABA, director, Bata Ltd., Toronto: "The FTA has shown us where our weaknesses are. In clothing, we see more American competition coming in, such as our golf clothing store chain. And suddenly I am noticing that L. S. Beas and other U.S. mail-order catalogues are appearing in our junk mail. In the catalogue, the prices are low. We cannot stop people from buying or stop cross-border shopping. But so far, few Canadian retailers have branched out into the United States."



JOHN RIALTY, president, Clearwater Pine Foods Inc., Halifax: "There is disappointment in the fishing industry with how tangible the benefits of the agreement are, but I am still a vocal supporter. The first dispute settlement deserves wide fisheries markets, and were reasonably good in terms of principles. But I wish that politicians would bend the parties' decisions instead of trying to circumvent them. Unless the country's health is threatened, they should abide by the process."

ALFRED POWIS, chairman, Noranda Inc., Toronto: "I am more concerned than ever that the FTA was the right way to go. Things are tough now, but for reasons that have nothing to do with the FTA. One thing that it has done is disorganize America's industry from launching free-trade complaints. In the 10 years preceding the FTA, we were fighting dumping or countervailing claims all the time on things like softwood lumber or poultry. We have not had any since the FTA went into effect."



ROBERT BLAIN, chairman, Nova Corp., Calgary: "U.S. tariffs on materials like Canadian methanol had climbed up to 20 per cent before the FTA. We calculated that Nova would save \$20 million to \$40 million a year if the duties were eliminated, and we are more than halfway there now. But the high Canadian dollar has really pinched exporters, including us. Our annual profits are down by about \$150 million—a rough ride, but we are still in the bounce and we are not going to get off."

JAMES PATTERSON, chairman, The J.S. Paterson Group, Vancouver: "Long-term, the FTA was the right decision. There are going to be dislocations in businesses that can't make it. But it's like a car lot—you have to get it over with. The Canada-U.S. border is an imaginary border. And free trade with Mexico is coming. We've just done a study that demonstrated that we can manufacture in Mexico and ship to Vancouver, including duty and freight, cheaper than we can manufacture in Vancouver."



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JAPAN AND CANADA

Business and more

There are probably no two countries that differ more than Japan and Canada. Japan is small, populous and resource-poor while Canada is vast, thinly populated and blessed with natural wealth. Japan has a long history and is largely culturally homogeneous. Canada is a new country known for its multicultural mosaic.

Despite these contrasts, Japan and Canada are developing a profound relationship across the Pacific. The highest profile can be seen in diplomacy and business, but there are more.

In the diplomatic sphere, official visits by the Prime Ministers of both countries show only a fraction of the ongoing government-to-government contact. The two countries cooperated with industry during last year's high profile Mitsubishi Investment Study Mission when Japanese government and business leaders toured all 10 Canadian provinces. This was the third mission of its type since 1976.

On the business side, Japan bought \$8.5 billion worth of Canadian goods in 1989 and is Canada's second largest market. With domestic growth in the past few years, there has been a total of more than \$5 billion worth of Japanese direct investment in Canada.

There are, as well, significant bu-

siness and cultural dimensions to this relationship. Business moves more than goods and capital across border; it also brings people. These are the Japanese and their families who are assigned to this country for three years or more.

In the arts of culture, many Canadians know of Japanese traditional arts — flower arranging, kimonos, pottery — and the modern influence of Japanese design on consumer products such as cars and appliances.

Despite our awareness of Japan's products, and its economic strength, few of us know much of its traditions or the dramatic changes taking place as it evolves as a world leader. To fully appreciate the significance of Japan in Canada, it is necessary to know some of the people behind these trends. Through them we can see the foundations of Japan's success and anticipate the benefits both countries will enjoy as we grow closer. We can also see how much we have in common.

In the following pages the many aspects of Japan in Canada are shown through interviews with Japanese who are living here, and in one case, a family who would like to. These people represent the broad spectrum of economic and cultural exchange occurring between Japan and Canada. *

ENVOYS AND ECONOMICS

Diplomatic and business relations

Last year Japan and Canada celebrated 40 years of diplomatic relations. Both diplomatic and business relations have grown significantly, especially in recent years. In fall participants in international meetings such as the G-7 summit and the quadrilateral (U.S., European Community, Japan and Canada) trade talks, they maintain a constant dialogue. Furthermore, the two countries also share the U.S. as a crucial political partner.

But at the end of the 20th century most international

relations are economic. Japanese and Canadian economies have become more integrated as bilateral trade and investment flows continue to increase. In trade, Canada's trade with Japan is roughly in balance. This is because Canada's exports in the late 1980s caught up with Japanese imports, which had boomed in the middle of the decade.

A 1990 Japan External Trade Organization (JETRO) survey shows that Japanese companies employ more than 23,000 Canadians. The most significant recent Japanese

investments have been in the automobile and forestry sectors. Honda, Toyota, GM-Suzuki (KAM) have set up Canadian factories, and Daihatsu has become a big player with its poly and paper investments.

Ueno Hagezaki (Embassy of Japan), Momoko Iwamoto (JETRO), Sakuyoshi Hata (Mitsubishi Canada), and Osamu Hasegawa (Daihatsu) are active participants, and well-positioned observers, of the trends in the ties between Japan and Canada. *

JAPANESE LANGUAGE

Some interesting notes

There are three systems of written Japanese. Two of these, *kanji* and *katakana*, are phonetic and used to "spell" words of Japanese and foreign origin, respectively. The third, *kanji*, is largely identical to Chinese characters or *kanji*. Even though there are 50,000 *kanji*, "only" 3,000 of these are in common use, and one should know at least 2,000 to read a newspaper.

The Japanese alphabet for the most part can be thought of as a modified Chinese writing system fitted onto the spoken Japanese language... The Japanese alphabet for the most part can be thought of as a modified Chinese writing system fitted onto the spoken Japanese language...

The fonest Japanese difficulty in correctly pronouncing "i" and "u" can be traced to a characteristic of the Japanese language. In Japanese there is only one similar syllable, and it is a cross between the two English sounds. In fact, the Japanese "i" sound is a hurdle for many foreign students of Japanese, who have difficulty saying it right. This is one of the many differences in pronunciation between the two languages.

The Japanese pronunciation system is fairly simple. There are five vowels in Japanese (a, u, e, i, o). 14 consonants and

a nasal "n" sound. The vowel pronunciation is as follows: a, "a" as in father; i, "i" as in fish; u, "u" as in look; e, "eh" as in edge; o, "oh" as in pot.

With the exception of the "n," the consonants always occur with vowels, as they are open sounds, like "ba" and "to." The sounds "kyo" and "kyu," for example, have only one syllable, with the "ky" for example similar to "ga" in English. Another unique sound is "tsu," which sounds like the end of the word "ice," with a long "u" sound.



"CANADA'S GOOD INTERNATIONAL REPUTATION AND INFLUENCE BEYOND ITS POPULATION AND ECONOMIC POWER MAKE IT AN IMPORTANT FRIEND OF JAPAN."

Darryl Hagihara,
Ambassador of Japan

Darryl Hagihara, Minister at Japan's embassy in Ottawa, came to Canada in spring, 1989. His career has included postings to the United Kingdom, the U.S.I.B., and Iraq and study at Harvard. He can see Canada-Japan relations developing on three fronts: diplomatic, business and cultural. In the realm of diplomacy, Hagihara believes Canada and

Japan will grow closer because of their complementary roles on the world stage. Canada's good international reputation and influence beyond its population and economic power make it an important friend of Japan. "Japan's growing economic strength makes it more important to take greater political responsibility and exercise a more independent foreign

Upon returning to Japan, the Japanese who have been here become messengers - almost ambassadors - telling their friends, relatives and colleagues about their good life in Canada.



LIFE AFTER WORK

Three Japanese families and a single young man

A companying the growing presence of Japanese business in Canada are the managers and their families who come to help run these enterprises. They are exposed to a country very different than their own, and one they fix, for the most part, know little of before arriving.

The managers have to open in a second language for them, English, so do their families. Their children go to regular schools, there are no daily Japanese schools in Canada comparable to the English language institutions used by Canadians posted to Japan. The youngsters generally do attend Saturday Japanese schools so they aren't left behind by Japan's very competitive education system.

Despite these hardships, it appears that more of the Japanese are back become entrenched in Canada. They appreciate the good quality of life in this country, accessible nature and an easy-going approach. Coming from a country largely made up of one race, they admire Canada's multiculturalism. They find affinity with the general characteristics of Canadians: quiet, polite, polite and orderly. To a lesser extent, the many Japanese visitors who come here yearly (687,000 in 1989, more than two-and-a-half times the number in 1985) do the same.

for his country. As well, he feels Japan can learn from Canada's approach to foreign aid and development, one that Japan has become the world's largest aid donor.

Canada and Japan also share similar views on international trade issues. "Both Canada and Japan support free trade and are concerned about prospects of



The Naga family has enjoyed this trip in the summer school of interest, South Canada.

And Canada always makes a good impression.

Upon returning to Japan, the Japanese who have been here become messengers - almost ambassadors - telling their friends, relatives and colleagues about their good life in Canada. And they always take some of Canada back with them.

The Naga family live in Richmond, B.C., the Umehara in Midland, Ontario, and single Tadashi Abe makes his home in Toronto. Though they are living in diverse parts of the country, they know a lot about Canada. The Imoto family in Tokyo are living the life these people have temporarily left, and know enough of Canada to want to come here for a while.



protectionism in the U.S. and the European Community. Just as we have joint interests as well."

A survey that compares conditions in Canada with those in the U.S. showed that Canada came out on top on "human factors": general living conditions, work force quality, labor-management relations, and



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THE NAGAI FAMILY

The Nagai family have enjoyed their stay in the Vancouver suburb of Richmond, British Columbia. The air is so clear and the mountains are so beautiful, says Junko. "There is space and time to spare, it is easy to relax here," adds her husband Hidehiko. The Nagais brought sons Hidehiko (7) and Yu (6), and daughter Ai to Canada two years ago.

Hidehiko works as engineer and chief coordinator at CAPTIN's (Canadian Asotopom Toyota Inc) factory in Delta, B.C. The plant produces about 500,000 aluminum wheels per year for the Japanese and U.S. markets. The facility operates at full capacity, yet Nagai finds he has more free time in Canada, compared with life in Toyota's Japanese operations. "The pace of life, especially work, is slower here," says Nagai. "And sometimes I worry that it may be tough to readjust to life in Japan after staying in Canada for too long."

"But, in fact, I really don't think I work less in our B.C. factory than I do in Japan. At CAPTIN, we need to concentrate on our work while we are on the job, and then go home. I welcome that approach." This is different from Japan, where office work is often done at a leisurely pace, for long hours. "For example," adds Nagai, "in Japan our lunch break can last one and a half hours, but here it is only thirty minutes."

Junko is making advantage of the opportunities in Canada to study watercolor painting and flower arranging — water style — at a community centre. Her English teacher in Japan had advised her that this is a more effective and interesting way of learning the language.

The two Nagai boys are learning English through immersion as they attend local schools. Hidehiko, at seven, is already quite comfortable at school. "School here is completely different," he says. "We play more and don't have to study as much. I do get a lot of my homework from the Saturday Japanese school."

The younger son, Yu, is in Grade 1 now. He liked his time in kindergarten. "I like making things," he says. "I don't understand all of the language, but it's OK."

Junko sees a different approach to teaching in Canada. Teachers here tend to encourage the individual student, while in Japan the emphasis is on raising the level of the whole class. "When one child does well, he is praised," she notes, "while in Japan the teacher will say to the others, He can do it. What about the rest of you?"

That is illustrative of differences between Canada and Japan in society as a whole, she thinks. "Here, people recognize the importance of an individual, so people can choose what they do," Junko comments. "In Japan we often just act under obligation to others. For example, there is social pressure for people to participate in the school Parent-Teacher Association (PTA). However, in Canada, it is up to the individual to volunteer, if they wish."

The Nagais have gained other insights into Canada during their stay. "Canadians are so outgoing and friendly," says Hidehiko. "One thing that is so different here is that there are people from many different cultures. I like that because children from a young age are exposed to different ways of thinking. In Japan, we only learn the Japanese approach, unless we travel."

THE UTAHARA FAMILY

Yusuo Utahara, and his family — wife Kazuko, daughter Aya (10) and son Ryo (6) — came to Ontario seven years ago from Kobe, Japan. Yusuo is a controller at Mitsubishi Electronics TV picture tube factory in Midland on Georgian Bay, 100 miles north of Toronto.

The Utaharas were the first Japanese family to come to the area, and they appreciated the warm welcome given them by the people there. "We took a school bus," remembers Aya, "and on our first day the other children had saved a seat for me and my brother. Most of the children hadn't seen a Japanese before."

friendliness with Japanese

However, it was felt that the U.S. provided a better economic environment with lower taxes, a more vital financial sector and a larger market. "In general," says Nagai, "it is more comfortable to live in Canada, but there could be improvements for business."

The Japanese government is making extensive efforts to build the foundation for deeper ties with Canada. Probably the most significant activity is the Japan Exchange Teaching (JET) program. This government-sponsored program places young university graduates as English teachers and assistants in high schools throughout Japan. This year 129 Canadian youths are joining 132 Canadians who have extended their one-year contracts, totaling the total number of Canadian participants to 261. Nagai had heard good feedback from Japan. "The Canadian teachers are welcomed by the Japanese high school system," he reports. "They are respected and well-liked."



This segment was written by James R. Baker, using his "The Nagai Family" which was written by John R. Baker.

"I like the Canadian style of education. Sometimes they push the children too much in Japan."



Kaneko thanks her children benefit from the opportunity to attend school here. "I like the Canadian style of education," she says. "Sometimes they push the children too much in Japan." Aps, agrees. "Everything is based on academics in Japan. I can't believe kids put themselves under as much pressure to attend the right university."

Like their children, both Yuasa and Kaneko played competitive basketball when they were younger, and this sport is the family passion. In fact, the Ushihara have all played the same position point guard. They have travelled to New York and Detroit to see professional games, and spend a lot of time following the American college basketball championship tournament every March.

The parents get to see many of their children's basketball games as possible. They have noticed differences between the Japanese and Canadian approaches to sport, though. The Japanese sponsor a more disciplined, they think.

One aspect of Japan that they all miss is the steep and quality of consumer products available. "If you go to buy a Walkman in Canada, you can choose from about five kinds. In Japan, you might have 10 or 20 types to choose from," says Aps.

It is harder to find well-designed and well-produced clothes in Canada, Kaneko has found. "I often wonder why Canadians don't demand better quality," she says, "but I guess they were cheaper products."

Though Yuasa will probably be going back to Mitsubishi Japanese facilities in the far east, Kyo and Aps will be staying to attend universities in Canada. Kaneko will be staying here until Kyo finishes high school, then she will also be going back, and studying. "I have become Canadian in many ways and I like it," she says, "but I must change again when I go home."

TADASHI ABE

Tadashi Abe has been in Toronto almost three years as a representative of Japan's Export-Import Bank. His is one of 17 Japanese banks with Canadian offices.



Many Japanese and his family have lived in Toronto since 1965.



Harvest Insurance is on his second Toronto assignment with the Japan External Trade Organization (JETRO), a Japanese semi-government agency that promotes trade and investment from between the two countries. He has noticed that the relationship between Japan and Canada has grown stronger since his first stay here in the early eighties. "The number of Japanese firms in Toronto, for example, was only 85 then, and is now more than 370,"

says Ikenoue. "There have been more exchanges, such as the high-profile investment missions and the yearly Canada Japan Businessmen's Cooperation Committee meetings. These give high-level business and government the chance to learn, first-hand, what Canada has to offer."

Recently Ikenoue has been busy implementing JETRO's import promotion



program. This includes dispatching Japanese buyers to purchase samples of upcoming Canadian products for exhibition in Japan. As well, a Japanese trading company export is being loaned to the Canadian Exporters' Association to advise and take part in Canadian trade promotion activities.

When speaking with Japanese investors, Ikenoue stresses that they must consider two

"CANADA TENDS TO LOOK TO EUROPE HOME, EVEN THOUGH TRADE WITH THE PACIFIC NATIONS IS GREATER. AS FORMER PM TRUDEAU SAID, JAPAN AND ASIA SHOULD BE CONSIDERED THE NEAR WEST, NOT THE FAR EAST."

Kenji Ikenoue,
Canada House (30)



This is his first overseas posting, coming after only two and a half years of not being posted the last. But, Abe is very comfortable in Canada because in some ways it resembles him of Australia, where he lived with his family as a child.

"Coming to Toronto was like a breath of fresh air," he said. "The city seemed so familiar to me, though it is a beach different than Melbourne. It's a good place to live."

Abe has fit in well and is enjoying the single life in Toronto. In his short time here, he has built up a wide social network. "I've got a lot of friends, and we enjoy going out to the pubs and clubs," Abe says. "There is so much to do in this city - dancing, just - and I live downtown as it's very convenient."

He also likes to keep in shape. He is an avid cyclist the likes riding along Toronto's waterfront beach, walks out, swims, ski, and has even tried his hand at hockey a few times. "There is no way I could do all this in Tokyo," he notes. "With a lack of time and the cost of these activities there, I just wouldn't have the chance." He does find Toronto life expensive though, but he points out, "Compared to Tokyo, it's not so bad."

Abe, also fluent in French, enjoys getting to Montreal. "I enjoy the

"I like Canada's cultural mosaic. It's better than the melting pot, where everyone is supposed to be the same."



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Quebec culture. It is the only city like it in North America. I love the atmosphere," he says. Canada's diversity is appealing to him. "I like Canada a cultural mosaic. It's better than the melting pot, where everyone is supposed to be the same." It creates a tolerance for different people and cultures, he believes. "I haven't experienced one incident of discrimination since I've been here," he says. "And that's significant."



THE IWASAKA FAMILY

"Including the land?" Ritsuko Iwasaka, a 59-year-old Tokyo housewife, did not believe her ears when told how much her home suburban Toronto home was worth. A price tag of \$300,000 for a standard three-bedroom house with backyard and garage may seem depressingly high to Canadians, but to Japanese it sounds like a bargain.

"Frankly, we were a bit jealous when we saw the kind of houses Canadians could afford," her husband Kyohei, 40, recounted, "and we came home determined to move out of our crowded apartment."

So in April, 18 months after their Canadian holiday, the Iwasakas took

the plunge and bought a sunny new house on a quiet street in Koganei City, 25 kilometres west of downtown Tokyo.

Commuting time was a big factor in the choice and, with a 10-minute walk to a station where an express train takes him to his central Tokyo office in under an hour, Mr. Iwasaka is pleased with the result.

With only 79 square metres there is no room on the lot for a garden, but at least the kids can now safely play in the street. Inside the house, two floors and 100 square metres of space give the family twice as much room as before — and with a second son born a year ago, they need it. A compact kitchen/dining room still means entertaining at home is hard, and strange menus a problem with no basement and only a tiny attic, but Mr. Iwasaka is not about to complain.

"We know we are fortunate," Mr. Iwasaka admits, because, aside from those who inherit, very few younger people can ever hope to own a home in this country. Even so, I get twinges of desperation knowing I'll be paying it off for the rest of my life."

Add to the physical squeeze a financial system that demands real property as collateral for most bank loans and the result is astronomical land values. The land in Tokyo's Chiyoda Ward, one of the Emperor's palaces, apparently has a book value greater than all of California.

Setting how Canadians live was one innovation, but in the end it was the credit system that convinced Mr. Iwasaka to hire the builder and buy a house. As the owner of a small typesetting company he found it difficult to get bank financing for the business without property as collateral.

From an annual income of \$115,000 (that's but not excessive by Tokyo

"Frankly, we were a bit jealous when we saw the kind of houses Canadians could afford, and we came home determined to move out of our crowded apartment."

seemingly contradictory aspects of Canada. "While the Canadian economy is growing more integrated with the U.S.," he points out, "Canada remains a very separate and different country." One thing he has noticed in speaking with Japanese managers in Canada is that, because of good relations with Canadians, they feel comfortable meeting their operations here. Like most Japanese, Iwasaka admires the Canadian ability to welcome newcomers. He believes Japan can learn from Canada's multicultural experience.

"Internationalization or 'bakuwaku' is a Japanese catchphrase these days," says Iwasaka, "and Canada deals with it every day, through its varied society."

Born in 1919, Iwasaka does not like to indulge his passion for the Toronto Blue Jays. He went to about 25 games this year, and even travelled to Syracuse to check out the club, the Jays' Triple A affiliate. It would like to see the Jays' new show some more intensely though. "They should cheer more," he says, "and pay more attention. A lot of them treat the game like a picnic, always getting up and down, to buy food and drinks."



"Japanese value land above all else, and those who can't buy a house — which means most people in Tokyo — now spend their money on expensive toys as a kind of consolation prize."

The Iwasaki family are seen at home in Tokyo.



vineland), Iwasaki was able to save \$150,000 for a downpayment. That equity could then be used as security for loans to finance new equipment for his company. "I was able to expand the business and please my family with a

new home," he said, "but if you're on a salary, forget it!"

Asked how much the new house cost, Mr. Iwasaki said, "The total cost was \$704,000 and we put 20% down, but to get a mortgage I had to sign up for monthly payments of \$4,000. That takes half our income and most take another quarter. So unless my business gets a lot better, I have to support a family of four on \$30,000. You can get by on that amount in Tokyo if you're frugal and forget about owning a car — but it's not easy."

Admittedly they have any regrets, both husband and wife were quick to say no. "Japanese value land above all else," Mr. Iwasaki explained, "and those who can't buy a house — which means most people in Tokyo — now spend their money on expensive toys as a kind of consolation prize. My husband, for instance, sells non-stop about his new Jaguar, but I know he really owns my new house." ■

The foundation of traditional Japanese aesthetics is an expression of nature and its essence... natural materials and colors are used to depict the "complex simplicity."



ARTISTS AND ARTISANS

Three Japanese artists: painter Mitsugu Kikuchi, textile artist Teisaku Kamata and designer Isamu Nakamura

"In Japanese art, the process is often as important as the final result," says Dr. Ted Goossen, Professor of Humanities at York University. A Japanese artist approaches his or her work with a disciplined and subtle mind. The importance of form and detail is seen in highly ritualized Japanese traditions such as the tea ceremony or flower arranging (ikebana) where intense moments of life are created.

The foundation of traditional Japanese aesthetics is an expression of nature and its essence. This means that

natural materials and colors are used to depict the "complex simplicity."

Another fundamental characteristic of Japanese culture is that of transformation and migration. An example is the Japanese love of minimalism, which has been traditionally seen in kimonos, tea, and, more recently, in the creation of the Wabi-sabi.

Three Japanese artists — painter Mitsugu Kikuchi, textile artist Teisaku Kamata and designer Isamu Nakamura, all now living in Canada — illustrate these aspects of Japanese art and design.



Isamu Nakamura's "Isamu's House" is a complex arrangement of black and white rectangular blocks.



Isamu Nakamura

Isamu Nakamura's Japanese head office of the works of this

man, Nakamura candidly admits. "At that time, it seemed that we should have invented in the mid," says Nakamura. "But two years down the road, it looks like a good decision." In any case, head office is hereafter new. "We do the Nakamura results to Japan after every game," reports Nakamura. ■

"WE FLY THE BORDIERES RESULTS TO JAPAN AFTER EVERY GAME."

Steve Hadd, Vice President, Borden, Canada, Inc.

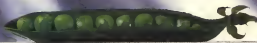
Steve Hadd is a senior executive with Borden Canada, a major player in Canada's security sector. Between their major pulp and paper plants in B.C., Alberta, Quebec and New Brunswick, they employ about 4,000 Canadians. Most of their product is exported from Canada, says Hadd.

Hadd says that Canada is Borden's most active overseas production base. Their new Peace River Alberta plant, which is

beginning operation, is arguably the most modern and environmentally sound facility of its kind in Canada. Once they bought Borden's old (1914) plant in Quebec City in 1998, they have made significant investments to improve its efficiency.

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President, Mitsubishi Bank

William Hutz, President of trading company Mitsubishi, is optimistic about current conditions and prospects of Canada-Japan ties. "Our trade is generally balanced," he says, "and Japanese business has shown an increasing interest in increasing investment in this country."

Japanese trading companies such as Mitsubishi, Itochu, Sanwa, Sumitomo, C. Itoh and Nishio had account for about 70 per cent of Canadian exports to Japan, and 50-60 per cent of imports, according to Ruiz. Their activities range from trade to technology exchange and investment in the Canadian manufacturing and resource industries.

"Until now," notes Ruiz, "Japan has been importing mostly raw materials - coal, steel and lumber - and exporting manufactured goods - cars, cameras, machinery - to Canada." But now Hutz believes it is necessary to improve the competition of Canadian exports to include more finished products. "The Japanese government is removing tariff and non-tariff barriers to trade," he says, "and Canada has excellent export capabilities - especially in telecommunications and aerospace - so we are making greater efforts to develop these markets."



MITSUO KIKUCHI, *Painter and Japanese Master*
Mitsuo Kikuchi spent many years in Japan designing and editing topographic maps for the Japanese government before he emigrated to Canada in 1976. He chose to settle in Ottawa because he had enjoyed his previous job there - on business - 10 years earlier. Now he paints full time and continues to practice *dehara* (flow- or swirling) and *gumi* (blossom) painting techniques.
Kikuchi studied watercolor and *sumi-e* (India-ink sketching) in Japan, and thus influences both in his work. "When I paint," he remarks, "I never think, 'This is a Japanese painting,' but people look at it and say, 'This is only Japanese.'"

Many kinds of ink used in *dehara* and *gumi*.



There are a number of characteristics that make a painting, but "Japanese style," says Kikuchi. Compared with Western artists, Japanese painters tend to use soft colors. Another difference is that curves and edges are shown through contour lines in Japanese painting, rather than the shadows and shadings used in the West for this purpose.
Creating a harmonious picture is very important. "We are always thinking of balance when we are making our compositions. We do a sketch, then if we don't like the location of, say, a tree, we will move it and make it more appealing, and that is acceptable," Kikuchi points out. This can be unsettling to the viewer. He remembers someone, looking at one of his depictions of the Parliament buildings, commented that he had added a tree to the scene.
For us, the abstract quality is more important than the realistic," says Kikuchi. "What I paint is to be sym-

bolic of a bad. Often Western painters are encouraged to paint the scene exactly as it appears. We feel that if you want it to be exactly the same, you should take a picture."
Kikuchi's ink paintings of flowers - orchids and roses - show remarkable detail and form. They are reminiscent of traditional Japanese screens, yet updated. The colors seem to emanate, as they are mixed by dripping, rather than brushing, the component five or six watercolors on the canvas. This accounts the uneven, subtle and beautiful color of nature.
Kikuchi is a member of the Ottawa school of *dehara*, one of the first major *dehara* schools in Japan. He has toured throughout Ottawa painting on demonstrations of this art, and would usually teach these skills in Ottawa. "Many Japanese painters study *dehara*, while others study the art ceremony, because there are ways of clearing the mind. Much of my approach on painting comes from *dehara*, and my painting and *dehara* find each other," he says. Besides creating an appealing form and line, *dehara* arrangements are abstract, in that they too are symbolic. Different plants, in different vases - budding, blossoming or dried - can represent the future, present or past.
For Ottawa-area *dehara* aficionados, Kikuchi's yearly *dahara* demonstration is an event not to be missed. On stage, he creates an immense display of three-meter arrangement in front of a theatrical, capacity audience.

TAKEO KAMATA, *Textile Artist*
Takeo Kamata produces textile designs using traditional Japanese "non-zone" (pure motif dyeing) processes. This type of fabric dyeing is used to produce the rich designs and colors seen on Japanese silk kimonos. The cloth Kamata makes is used in dresses, scarves, neckties and decorative fabrics.
Kamata grew up in the northern part of Japan. He had studied the art of silk cloth dyeing for many years in Japan, while working at a more conventional desk job. Finally, more than 20 years ago, he came to Canada with

the goal of working full time at non-zone. Now he practices this laborious craft in his Toronto studio.
Kamata practices ancient techniques of dyeing using traditional materials and tools. Kamata's main method is called "yuzen," which was developed almost 400 years ago in Kyoto. This process has many steps.
The most time-consuming task is sketching the flowers or leaves used in the designs to be colored on the cloth. He finds these in public gardens or greenhouses, or in more natural settings. "I usually see flowers, but not necessarily only those found in Japan," says Kamata. "In fact, my teacher in Japan told me he was surprised at some of the motifs I use." One of his designs features both a Japanese *chrysanthemum* and a *Madagaskar* silk leaf.
The sketch is outlined on the raw silk cloth using a natural ink, which will later be washed away. The silk is kept at a constant moisture on bamboo stretchers throughout the complete process, so the design will keep its

proper shape.
The difficulty in creating designs on cloth comes from the tendency of dyes to run. This problem is solved through the application of a glue paste that creates sharply defined designs and contrasting backgrounds.
The glue paste itself is made from a special form of Japanese sticky rice. Kamata says it can take up to a day to make it, as the rice must be cooked for hours and then washed and mixed.
The sketched lines on the silk are coated with the glue, using a tube like those used for drawing colors. The glue is then set by lightly misting the fabric.
When dry, colors are applied in the design by brush. Many of these colors are made from natural sources, such as leaves or bark. The glue leaves a thin white outline after the dyeing is completed.
Next, the background must be colored, without affecting the main design. This is done by covering the finished part with glue before applying the dye. If it has been so then sprinkled on the glue or spend up dyeing. The rich,

deep background colors are achieved by successive applications of color, usually five times. Once this is finished, the whole fabric is steamed, to fix the dyes, and then washed to remove the glue and avoid the design.
Beyond yuzen, Kamata practices other dyeing techniques such as making patterns with stencils or folded cloth and creating more random marble-like or speckled patterns.
Kamata has returned to Japan for further study in the art of non-zone. His teachers at Tokyo have been shocked by the unique colors and patterns he uses. This is because, explains Kamata, "in Japan, the craftspeople generally adhere to traditional rules of design, and their teachers expect this." Though it might be thought that this is the best way to preserve the heritage of Japanese traditional crafts, Kamata disagrees. He says, "Traditions always change. They must, for if they don't, they die. You have to find traditions with a contemporary message, and they will survive through evolution."

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Kanama says he knows of contemporary art in Japan who agree with him.

One of the ways the Japanese government keeps its heritage alive is through the recognition of select masters of traditional crafts and performing arts as "living national treasures." They have the esteem and responsibility of passing on their wisdom and skills to succeeding generations.



Though he has never had the chance to meet a living national treasure, Kanama often craves them. "Their lives are so simple, not rich, but so full, and they are so happy," says Kanama of these masters. "Who is more impressive in short humility? They do not force on us people to follow them, instead just do, naturally. They inspire us."

BANRI NAKAMURA, Designer

Banri Nakamura specializes in space planning for restaurants, retail stores and exhibitions. He also does work in industrial design for products like farm-tract and computers. He has his own business in Toronto.

Mr. Nakamura came to Canada from Japan more than 18 years ago. He brought with him his Japanese industrial design training, which included some of Japan's premier department stores, Matsushita, in Tokyo.

"One reason I came to Canada was the professional opportunity here. There were so many in my department (at Matsushita) and only one person could become 'Kacho' (department head) also so many years."

This year Nakamura won the silver medal at the International Furniture Design Fair in Asakawa, on Japan's northern island, Hokkaido. There were 440 participants from 19 countries, in-

cluding Canada. Nakamura's entry was an ingenious set of multi-use drawers made of Canadian maple. The design is modern and functional and focuses the use of natural wood. This kind of project could only happen in Canada, says Nakamura. "The designer is Japanese, the person who built it is from the Netherlands, and the photographer, a French Canadian. This is one of the great things about this country."

"Though I have been here for 18 years, I guess you could say that my way of seeing is still Japanese," says Nakamura. "We tend to pay special attention to detail." For example, so interior design is one of his specialties, he says that room ceilings, at the third space (after floor and walls), are important. In Japan the joint between a wall and ceiling is created using an edge and clearance that give the appearance of a straight, star line. A plain unadorned joint, as commonly used here, can never look completely straight, believes Nakamura, but most people don't notice it.

"In the Japanese mind, there is a belief that smaller is better," says Nakamura. "The Japanese are always trying to make things smaller, and refining them. Refinement is a basic philosophy of Japan. This is a process of constant improvement. Change is considered a good thing." This can be seen in the Japanese products as prevalent in our lives today.

"Japanese design is everywhere in Canada," Nakamura points out. "It is seen through all of the electrical and electronic appliances all around us." A look around the house at the smooth clean black lines on our televisions and stereo equipment confirm that. And the arm, full-sized 35mm cameras, with built-in flashes, scarcely resemble the cameras of only a few years back.

"Even though I am living in Canada, I am always watching Japan," Nakamura says. He has closely followed Japan's economic growth, and he anticipates the emergence of ideas from Japan. "I think that in the next 10-15 years, Japan will have to face the need for its own philosophical refinement and create a new philosophy for itself."

Japanese companies have shown a greater interest in Canada in the past few years, of the nearly \$5 billion invested here by Japanese, half has come in the last three years. Rates experts this trend will continue, because one of Canada's main disadvantages - its small domestic market - has been addressed by the Free Trade Agreement, which improves access to the U.S.

labor force has had a look to see how the 31 per cent.

Companies like Mitsubishi Canada are their international expertise to expand conventional two-way relationships to include third countries. For example, Mitsubishi is working with Nissan to sell Canadian aluminum sheet manufacturing equipment to a Russian refrigerator factory.

There are more future strategic alliances between Japanese and Canadian companies. "Business can share strengths, risks, and profits through joint ventures," he says, "especially on larger projects."

Banri's role with Mitsubishi, Mats is Chairman of the Toronto Japanese Association of Commerce and Industry. This Association promotes communication and cooperation between members of the Japanese business community in Toronto. The group was established in 1957 by a small collection - less than 20 - of Japanese firms. There has been steady growth and now the Association boasts over 120 corporate members and more than 50 individuals.



Soviet ladies of the evening: Marina and Lena: hard currency for necessities

CRIME

Moscow's vices

Prostitutes find profits in perestroika

For every hard Moscow's Mediterranean-style Hotel is a haven for many Western businessmen. After a day's work visiting profitable ventures, the soft music, fast service and drinks create a relaxing atmosphere for many Westerners. Each evening, the bar is also crowded with attractive women with business propositions on their minds as well \$300 or more for usual services. Some Westerners have discovered that the prostitutes who are now prominent in the Soviet Union are often aggressive. A British correspondent who stayed at the Mikhalevsky Hotel while he set up his firm's Moscow office recalled a nocturnal encounter with a Soviet prostitute. "I had just climbed out of the shower when someone knocked on the door," said the man, who requested anonymity. "When I opened it, a woman pushed into the room and asked me if I wanted some company."

Before glasnost, hard-line communist theorists maintained that there was no reason for prostitution to exist in the Soviet Union because Marxists had eliminated the social and economic evils that forced people to sell sexual services. In fact, prostitutes have always frequented Moscow and other Soviet cities. Now,

under President Mikhail Gorbachev, socialist restrictions against prostitution, which were never firmly enforced, have become even more lax. As a result, bars in Moscow's better hotels are filled with high-class prostitutes, known as *salsals*, who can earn hundreds of dollars a night. And pimps even lounge in parked cars within sight of the Kremlin walls, while the lower-priced prostitutes they control offer their services to men for as little as a few dollars.

Some Soviet sociologists and academics say that growing economic chaos in the Soviet Union, widespread drunkenness among married males and a high divorce rate are some of the factors forcing women to turn to prostitution to make enough money for basic necessities. Olga Demersch, a Moscow-based writer who has published studies on prostitution, cites Western Western influences for a current Soviet bid for beauty contests. According to Demersch, many young girls go to great lengths to win them and then, reaped by dreams of easy money, end up as prostitutes. In some ministry statistics show that police across the Soviet Union charged 5,446 women in 1986 for engaging in prostitution. Demersch said that the

statistics do not accurately reflect the current prostitution boom, and ministry officials confessed that the statistics referred only to women whose police had actually caught engaging in commercial sex. The penalty for such infractions, relatively modest fines that, for prostitutes who earn reliable foreign currency and who can buy cheap black-market rubles, work out to as little as \$5.

The fact that prostitution now flourishes in the officially straitlaced Soviet society clearly comes as a surprise to some foreigners. Last week, one California businessman thoughtfully reflected on American stereotypes of Soviet women as he surveyed the scene at the bar of the Mikhalevsky Hotel. As he did so, his Soviet companion, who he had known for only a few months, adjusted her seat to ensure that the Christian Dior label was easily visible and then seductively topped up his bourbon with soda. The businessman, who added that his suite now he used, took it crowded up at his drink. "Most people back home think that all Soviet women look like 500-lb. weight lifters," he said. "It is kind of convincing them that some of the choicest women I have seen in Moscow have been working the bars."

Certainly, the traditionally dressed *salsals* are among the most visibly allured women in Moscow. But restrictive policies that prohibitively bar ordinary Soviet citizens from entering the city's better hotels mean that prostitutes working for hard currency have to pay customers in dollars, no dollars, police and institutions, in order to reach the right spots where they charge between \$175 and \$225 per customer. Last week, 10 prostitutes interviewed by Moscow's central Moscow suggested that Japanese clients are among the most desirable customers. The prostitutes said that the Japanese men rarely quibble over prices. Gena, a dark-haired, 26-year-old Latvian who said that she planned to open a clothing store with her earnings from prostitution, also praised the lavish spending habits of many German businessmen. Americans and Canadians are friendly, but she added that sometimes they want to get all rights to a bar.

Several of the women, including daytime students, factory workers and store clerks, interviewed in Moscow last week said that prostitution was simply part-time, lucrative work that they did at night in pursuit of their ultimate goal: finding a foreigner who would marry them and take them out of the country. And while all of those interviewed denied that they were seeking the cash of a pimp, one of the women confessed that most prostitutes have a working relationship with the *taxi*, the Soviet secret police. Said Natalia, a petite redhead: "It is true. They let us work here and, in return, they sometimes ask us about certain foreigners." Still, such Gold-Mid was considerably more probable of less importance than they would have been five years ago. As the Soviet Union struggles to shift from a Communist past to a future governed by market economics, the business that is flourishing is the one that is known as the oldest profession.

MALCOLM GRAY is in Moscow



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ENVIRONMENT

Disputed impacts

*A new controversy
over James Bay II*

For the 580 Cree Indians of Whapmagood, a remote village located at the mouth of the Great Whale River on the eastern shore of James Bay, the announcement represented a serious threat to their centuries-old way of life. Last week, a senior federal environmental official advised the Ottawa city council the legal authority to stop Quebec (from building a 200-km road as part of its plans to develop the hydroelectric potential of the Great Whale River. Opposition critics accused federal Environment Minister Robert G. Clark of weakness in his capitulation with the Quebec government for not demanding that a complete federal environmental assessment of the entire project take place before any road construction begins. And Whapmagood's Cree Chief Roblin Dick predicted that the James Bay II project will destroy his community's hunting, fishing and trapping grounds. Said Dick: "As far as we're concerned, they're going to go ahead with it so notice what we say."

The Great Whale project, valued at \$6 billion and scheduled for completion by 1996, is part of the second phase of Hydro Quebec's massive James Bay complex of dams, dikes, river diversions, reservoirs and powerhouses. If all three phases are completed on schedule, early in the next century, James Bay will be one of the largest hydroelectric complexes in the world. For more than a year, Ottawa and Quebec have tried to reach an agreement on the scope and details of environmental hearings into the Great Whale complex. Ottawa has proposed one set of hearings to cover the entire project, including roads, airports, construction camps and hydroelectric facilities themselves. But Quebec has insisted on two sets of hearings, one for the infrastructure, the other for the dams, reservoirs and powerhouses.

For the province, as well as opponents of the project, the structure of the hearings has become a crucial issue. Quebec wants to begin constructing the road early in 1996. In order to stick to its schedule, the provincial government wants separate hearings on the infrastructure because the hearings could be concluded much more quickly than a comprehensive review of the entire project. The Cree, and some environmentalists, say that if the one set is approved and built, it will be impossible to stop construction of the hydro facilities.

Last week, officials in the Federal Environ-

My Maria died.

A TRUE STORY

When I arrived in the Philippines so many years ago, one of the first things I did was to fall in love. She had fine black hair and she used to wear a bright orange dress. She had big, big eyes that would always look to me, and when she smiled, oh how she would smile! She lived in one of those tropical huts on the shore, the ones you see in postcards . . . my Maria was only two years old.

One day, I was caught in one of these sudden tropical downpours and I ended up with a bad cold. I was thrust into the provincial hospital. After a week there, my cold went away (if I had stayed home, it would have taken seven days), and I went down to find my lovely Maria.

But my Maria had died.
She too had been caught in the same downpour. She too caught a cold. But when she was lying on her mat in the corner, the wind blew through the bamboo bauls of the postcard tropical hut, and she caught pneumonia or something terrible, and there was no money for medicines and she wasn't strong enough to fight it. So while I rested in my hospital bed, my Maria was buried in her tropical island.

That was fifteen years ago.
Today, I met another two year old who stole my heart, Martina. I met her in the paediatric ward of the provincial hospital where she and her mother had been brought. You see, Foster Parents Plan weight all the little children in our partner

families to make sure they're growing properly, and Martina was not. She was slowly starving because her father couldn't earn enough as a market porter to support his wife and children. (Lack that Gene found her in time, before she died? Not really. Foster Parents Plan keeps a tab on over 15,000 little children every month of every year.)

I went to see her and to see how PLAN was helping. The doctors were fine, but just the beginning. Martina's mother had been in the Nutrition Clinic we ran last month. We couldn't find work for her father, but we are teaching him how to raise goats for milk and income. And there's the toilet Foster Parents Plan's helping them put (a next month, and the fresh water project in their village by the end of the year, and a few other things too.

So, when I close home tonight, I can't help but think about Martina. The differences between them aren't all that big. It's just that PLAN has been able to catch one more little girl, before she was wasted forever.

So, if anyone ever tells you that helping through PLAN doesn't matter too much, you just tell them that what you are about to do is making all the difference in the world. All the difference between Maria and Martina. Help to prove that point today.

*Chris Papworth,
Foster Parents Plan*

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mental Assessment Review Office acknowledged that Ottawa may have to accept Quebec's plan. In a letter to the federal provincial committee that is attempting to devise the rules for an environmental assessment, Raymond Johnson, executive chairman of the review office, said that under the 1975 James Bay and Northern Quebec Agreement, the hydroelectric projects are considered a provincial jurisdiction. As a result, Quebec has insisted Ottawa's demands for an comprehensive environmental review. The letter was made public by members of the Grand Council of the Crees, who are participating in the negotiations.

Opposition critics, as well as environmentalists, immediately accused de Cotret of attempting to avoid hearings in order to appease Quebec. Said James Falaris, environment critic in Parliament for the New Democratic Party: "A political fix is being attempted. Once Que-

bec has spent \$800 million on roads to the wrong places and airports to the wrong locations, they will simply demand the right to proceed with all the dams."

As the controversy unfolded in Ottawa, Quebec Environment Minister Pierre Paradis joined the attack on de Cotret and supported the position of the opposition critics. Paradis has been pressing for one set of comprehensive hearings, and some analysts say he was counting on Ottawa's support. As a result, he has been involved in an intense battle with Quebec Energy Minister Luc Bouché. A close political ally of Premier Robert Bourassa, Bouché wants the hearings split and conducted quickly so that Hydro-Quebec can meet its construction timetable for the Great Whale project.

For his part, de Cotret tried to deflect criticism by insisting that Ottawa does have the authority to delay the project until a satisfactory environmental assessment has been con-

ducted. He said that Ottawa could withhold construction permits pending the outcome of a review of the hydroelectric facilities.

While the political debate over the Great Whale project ruminates unabated, Dick said that the Crees will continue their attempts to prevent construction of the huge hydroelectric complex. He added that the influx of workers and the construction of roads and reservoirs in his band's isolated territory will destroy the culture of the small native community. He also noted that the Great Whale River flows through a deep valley which provides the best wildlife habitat in the territory. Now, the Crees say that if Hydro-Quebec goes ahead with its plans, the land will be flooded to generate electricity. For both the Crees and Hydro-Quebec, the Great Whale project has become a high-stakes game.

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THE CONTEMPORARY CHOICE



THEATRE

The big chill

A hit play examines *Me Generation* woes

THIS HIGH CHRONICLES

By Wendy Wasserstein
Directed by Neil Gaiman

Judging by the spectacular success of Wendy Wasserstein's *The Heidi Chronicles*, her destiny in the United States is no serious doubt. The travel and success, mostly about the baby-boom generation run for a prize and a half at Broadway—and was easy awards, including the 1989 Pulitzer Prize for drama. Now, an all-Canadian production of *The Heidi Chronicles* is running at Toronto's Royal Alexandra Theatre until Dec. 31. But the only award the play is likely to win there is one for the most apocryphal viewing.

The Heidi Chronicles follows a young, middle-class woman, Heidi Holland (Kathy Palk), from national adolescence to her flowering as a feminist art historian. Her professional career is an undisputed success. Privately, however, her life has been a disappointment. The

man with whom she enjoys good sex, entrepreneur Scoop Rowbottom (Michael Riley), is a phallicizing egoist, while the man she truly loves, a sensitive if somewhat acid-tongued pediatrician, Peter Pherson (Joe Ziegler) is heterosexual.

That plot holds some promise. But what pretends to be an honest, leftward-looking examination of Heidi's life turns into a hot parade of journalistic trauma and pop iconography from the decades she has lived through. From the long hair, rock music and naive idealism of the Sixties to the broken marriages, get-rich-quick schemes and rap of the Eighties, Wasserstein chronicles the history of the so-called *Me Generation* by turning her characters into

mouthpieces for pop culture. And even when *The Heidi Chronicles* tries its acrobatic best to penetrate beneath the surface of that culture, it still finds itself entangled in the backstage vision of the lifestyle magazines. One of Heidi's most enlightened and hard-won discoveries is that her friends are her true family—a cliché that has been making the rounds for years.

To be fair to the playwright, the actors assembled by director Bill Gosses are not much help. They lack the grace that alone could lift Wasserstein's lines above their essential banality. Only Ziegler, as Heidi's friend Pherson, has the requisite poignancy and ironic self-awareness to shine in the highlight of the play.

Despite its artistic shortcomings, *The Heidi Chronicles* has been financially successful—because it answers to a comfortable impulse for the members of the baby-boom generation, a nostalgia, ultimately, for a tour of their collective past. In the long run, it will be remembered only as one more product that they enthusiastically consumed. As theatre, it will scarcely be remembered at all.

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BOOKS

A pilgrim's progress

Ron Graham searches for the soul of Canada

GOD'S DOMINION

By Ron Graham

(McClelland & Stewart 309 pages \$29.95)

Like a pilgrim of old, Canadian journalist Ron Graham spent more than two years wandering the country "to discover," he says, "the soul of God's Dominion." He visited synagogues and churches, shrines and mosques, Bible colleges and Hindu temples, life tasted acerbic at a Benedictine monastery in Saskatchewan, and worked on an assembly line at a Heintze cement firm in rural Manitoba. He sat at the feet of New Age prophets, and found himself deeply moved during a performance of religious music in an Anglican church at St. John's, Nfld. Then, Graham, the author of the celebrated 1988 study of Canadian politics *One-Ringed Kings*, wrote his serene and impressionistic memoir. *God's Dominion*. No clear map of the country's soul emerges in Graham's study. But he did discover that spiritual hunger is very much alive in the land, as many Canadians struggle to lead lives that are not entirely dominated by getting and spending.

God's Dominion is such a rich and lively book partly because of the balance it maintains between objectivity and Graham's personal reactions. A deeply religious man himself, although he belongs to no organized church, he is quick to offer praise when his spirit is touched: his evocation of a traditional nativity scene in the Maritimes; Christmas in one of the book's highlights. But when he detects hypocrisy or soul-moribundity, he is also quite capable of tearing the facade. Referring to the violent agitation for an independent Sikh state in India, Graham comments acerbically that he has found two more Canadian Selves "willing to excuse it, ignore it or deny it."

That forthrightness will doubtless drive some angry responses. *Frontier* and newspaper publisher Conrad Black is currently using Graham and his publisher for a passage in *God's Dominion* that Black claims is libellous. Yet, on the whole, the book will be a force for reflection. *God's Dominion* concludes that, at a fundamental level, people of all beliefs share the same struggle, and that their differences have more to do with historical accident than with any racemongery on the track.

Indeed, as Graham points out, Roman Catholic social activists may have more in common



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BOOKS

with United Church members than they do with the conservatives of their own faith. In religion after religion, Graham discovers the same divisions between those who believe their churches must adapt to the whims of change and those who hold that religion must be a bulwark against it. His analysis of that phenomenon in the United Church, crisis in recent years by quarrels over admitting homosexuals to the ministry, is particularly frustrating.

The book's most shortcoming results from the difficulty of finding truly representative voices. A political and business writer by trade, Graham has the instinct to go to the top for his interviews. That limits his discussion of the Roman Catholic Church largely into a general portrait of the past and current leaders at the large and influential Catholic diocese of Toronto. But, although the voices of poor or middle-class Catholics are scarcely heard, Graham's glimpse into the lives of an avid Cardinal Ernest Carter, and his replacement, Archbishop Desmond Tutu, is evocative. His portrait of Carter as a shrewd man of the world, more devoted to pursuing social status and managing church finances than to spiritual proselytizing, is the rather point out, Carter was known for thumbing through his speech notes while prayers were in progress, and he once took a holiday in Palm Beach, Fla., with General Black.

Archbishop, on the other hand, could hardly provide a starker contrast to his predecessor. He is an austere, conservative and formal who can effectively defend the church doctrine of gender equality. Commenting on the famed that has created in the organization in recent years, Graham writes, "The peak of the Archbishop's level of the Roman Catholic Church."

Graham himself was raised as a Catholic, but he has drifted from that faith as an adult. In the last chapter of *God's Dominion*, he describes how in his 30s he travelled to India following the footsteps of many children of the 1960s who sought enlightenment from Indian gurus. There, he learned a kind of Buddhist evolution that he still practices. As Graham acknowledges, his drifting does not add up to a religion. But he claims that it has helped cement him of many creative lessons and left him better able to respond to the suffering of others. It also gives him the vantage point from which to spy out religion prisoners. He writes that, as he crossed Canada, he met religious leaders "who could convince themselves that while a black or poor that God wants, but who could not in self for three minutes or less their neighbors as themselves."

Throughout *God's Dominion*, however, Graham balances healthy cynicism with a fervent desire to see the religious sector flourish honestly. "Nothing less than wisdom and conviction seems to be required for peace of mind and the survival of the planet," he writes in conclusion. *God's Dominion* is a brave and fertile book, and in the ongoing struggle of Canadians to come to the deepest religious consciousness, a very important one.

JOHN BEMBOGE

TELEVISION

The middle of nowhere

A Farley Mowat saga reaches the small screen

LOST IN THE BARRENS
(CBC, Dec. 2, 6 p.m.)

Across four decades and in 32 books, Farley Mowat has redefined the Canadian wilderness, painting vivid portraits of what is often an unforgiving land landscape. *Lost in the Barrens* (1996), Mowat's third novel and the fourth to be made into a movie, portrays that frontier with particular energy. Set in 1935, it is the story of Jesse, an orphaned boy who runs out of money and has to leave an exclusive Toronto boarding school for a seemingly desolate existence in northern Manitoba. "This is not at all my idea of an adventure," says Jesse (Nicholas Shields) as he leaves behind his elegant dormitory for the dim, pit-lined log cabins of his Uncle August (Lee J. Craggie). But the young man rises to the occasion. And in bringing his story to the small screen, so too have contemporary North American directors. Michael Scott and Shields himself, the two-hour movie from Toronto's Atlantic Films and Winnipeg's Muddy River Films is an artfully rendered adaptation of Mowat's classic tale.

The barrens of the novel's title are a stark wasteland near the border of the Northwest Territories, shared with equal intensity by native Indians and white settlers. Jesse's Uncle August describes the area (long in the north of his ribs) as "the worst place on earth—no wind so strong, it'll turn the skin off your face, not a tree for fuel, not a bush for shelter." But Jesse's determination to prove his uncle wrong, and he endures an arduous trip into the barrens, accompanied by Amos (Evan Adams), a young Indian boy who has recently dropped out of school. When their boat founders in the rapids, they are stranded for several weeks and forced to confront the true wilderness—and their narrow, most images of each other.

In their battle to survive, the two boys surmount hunger, snow blindness and a disconcertingly close call with a grizzly bear. Through it all, Shields brings just the right measure of childlike imagination into the wilderness to be real. His performance combined with Leckie's thoughtful script and a powerful score by Randolph Peters, makes *Lost in the Barrens* a heartwarming saga about a young man's coming-of-age.

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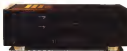
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DANCE

Existential acrobatics

Robert Desrosiers choreographs a life

The best-known works of Toronto-based choreographer Robert Desrosiers have unfolded in a strange and spectacular dream world—a place where athletic deities in elaborate, entirely costumes convert among the special effects. In *Blue Snake*, the choreographer's 1985 commission for the National Ballet of Canada, a 30-foot-high giant's head gobbles up acrobatic dancers. *Neogene*, which the artist created for the 1984 Calgary Winter Olympics arts festival and revised in 1988, combines surreal imagery with high-tech trickery. By comparison, his latest work for his own company is a surprisingly straightforward piece. The 1½-hour *Four Corners*, which debuted last week at Toronto's Premiere Dance Theatre, is about the phases of human life from conception to the grave. It is a production in which dance rather than spectacle is all too conspicuous. In its own, Desrosiers' choreography seems to be only asymptotically interesting.

Directed by its 27-year-old choreographer as "a portrayal of the spiritual state of our lives," *Four Corners* has two levels conceiving a child on a following sheet. In an evocative scene change, the sheet becomes the wall of a womb, revealing Desrosiers as the fetus within. He bursts through the sheet, announcing birth. In the rest of the first act, members of the Premiere Dance Theatre and guest artists from the Canadian Children's Dance Theatre picture successive stages of life. For most of *Four's* second act, titled "Like Carrots," the narrative disappears and the relationships among the dancers become abstract. At the end, an old man tote into the stage and dies, completing the life cycle.

Desrosiers' choreography is dynamic, and his dancers are, for the most part, equal to the passably acrobatic demands that he places on them. He relies heavily on already limited range of swirling, charming movements that eventually seem repetitive. *Four's* other major weakness is that the first and second acts bear little relation to each other; the finale with the old man seems tacked on and fails to draw the two halves together. Like the Wizard of Oz, Robert Desrosiers looks disconcertingly human when he emerges from his arsenal of special effects.

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Tycoon toughness

Four books detail the struggles of the barons

The market for business books may have reached its peak in the roaring economy of the 1980s. There was, after all, plenty to write about. Specular fortunes were made as stock prices soared to record highs on world markets. Greedy and notorious characters emerged,

he food-rotting conglomerates which was then shattered after his death by his lachrymose daughters and Quebec politicians. And Toronto-based shoe-manufacturing legend Thomas J. Bates, in his autobiography, *Bats: The Story of a World (Shoemaker)*, \$29.95, recounts his journey of his father's vast holdings from Nain,

costed by Hurricane Jean. Montreal-based Samuel Steinberg, who started out working full time as his mother's tiny Montreal grocery store in 1900. He soon expanded that operation and, by 1952, Steinberg launched a plan to open a new store every 60 days.

Daddy, while employing a host of relatives, Steinberg failed initially to bring his four daughters directly into the business. Instead, he shrewdly threw them with wealth and let outsiders and other family members—including his nephew Arnold—manage the company. It was not until 1973 that Steinberg made his then-42-year-old daughter, Mita Bates, general manager of a major Steinberg Inc. division.

Following her father's death in 1978, Bates inherited the reins of the company. It was not until 1973 that Steinberg made his then-42-year-old daughter, Mita Bates, general manager of a major Steinberg Inc. division.



Bates with his wife, Sonia, in Prague; defending his father's business against Nazis, Communists and his uncle Jan

including New York City developer Donald Trump and Wall Street trader Ivan Boesky. Corporate takeover artists fomented, while corruption in Wall Street reached almost incalculable levels. This fall's line of business books reflects the fact that the economy is in the doldrums, producing few new, worthy characters or events. As a result, a number of authors are exploring a business subject that never seems out of date: the corporate tycoon who, against all odds, has built a towering empire.

In fact, four of the leading fall business books are about headstrong corporate barons and their lifelong struggles against greedy rivals, aggressive rivals and corrupt politicians. In *Steinberg: The Breakup of a Family Empire* (Oxford, \$29.95), Montreal author Jan Gibbon and Peter Haddad offer compelling new insights into how Samuel Steinberg built a multibillion-dollar

conglomerate and, in the end, his uncle Jan, in his third book, *The Roman Empire of Peter*, \$29.95, Toronto writer Paul McKay is unrelenting in his criticism of deposed newspaper magnate Stephen Ross, who he says used countless of taxpayers' money to create Toronto-based Ross Corp. Finally, veteran Toronto business writer Peter Foster, in his ambitious *Family Spirit: The Barons' Saga*, *Ross, Bates and Steinberg* (Macfarlane Walter & Ross, \$39.95), traces the rise of the Barons' Roman empire against a backdrop of family greed and the machete-style justice of Cuban politics.

While many business books fail because they simply relish the public record, Gibbon and Haddad offer compelling new insights into the epic—and, in the end, tragic—battle for Montreal-based Steinberg Inc. The firm was

trust arrangement, refused to go along. Gibbon and Haddad take the reader behind the closed doors, making the entire epic struggle for their father's empire come vividly to life.

As Dobson persisted in his attempts to sell the firm to potential buyers, the Quebec government, which wanted to keep control of Steinberg in Quebec, stepped in. And in 1989, when the sisters did finally agree to sell, the province's giant pension fund, Caisse de dépôt et placement du Québec, financed most of Quebec businessman Michel Gauthier's \$1.3-billion bid for the company. In the end, the Steinberg children walked away with millions, and the Quebec government was able to boast that Steinberg Inc. was still controlled in the province.

Unlike the Steinbergs, Thomas Bates struggled to keep his family business intact. His



Steinberg store in Montreal: the sisters fought over their father's empire

account, ghostwritten by Czechoslovakian Toronto writer Steve Bialos, chronicles how Bates survived his father's business from the upheavals caused by fascism and communism. Thomas Bates was born on Sept. 17, 1914, in Zlin, Czechoslovakia. His father, Tomáš, was a visionary capitalist who had made a fortune by automating the shoe-manufacturing business. The senior Bates also craved one of the last feudalistic firms by expanding his operations across the world. Bates now employs 70,000 people in dozens of countries.

An only child, Thomas Bates was groomed from birth to take over the family business. He travelled widely and attended Europe's best schools. Then, in 1939, when Hitler's armies invaded Czechoslovakia, he fled to Canada. At the end of the Second World War, Bates returned to Zlin, but when German Nazis had come to power, there were now Communists, who nationalized the Bates operation there.

Bates vowed to take back his fortunes in Zlin, but he had a family trait to wage him. The relations with his father's brother, Jan, increased acerbic following his father's death in 1953. But eventually, Bates writes, he came into conflict with his uncle, who claimed that Tomáš had sold him shares in Bates' holding company. After years of court battles, the younger Bates family won in October, 1963. And with the collapse of Czechoslovakian communism, Bates triumphantly returned in his home town a year ago. Decades later "These were flags everywhere, along with pictures of

my father 'Long live Bates,' they chanted."

Bates' autobiography depicts his life as a series of adventures. His father wanted to escape Nazis, confront dictators and rescue family and fortune from the Communists. But, while his story is at times enthralling, the book fails to shed much light on Bates the corporate executive.

Like the Steinberg and Bates empires, Roman Corp. was built largely by one man's brute determination. Stephen Roman, who died in 1988, emigrated to Ottawa, Ont., from Czechoslovakia in 1937, and in the late 1940s he moved to Toronto, where he bought power stocks. In 1964, he struck it rich when he bought into the common shares of Elcor Ltd., a company that built the world's largest single airplane ramp. He used the resources to create Roman Corp., which at the time of his death was a \$5-billion resource empire. It is now run by his 42-year-old daughter, Helen Roman-Berber.

According to McKay's telling account, Roman's accomplishments are hardly faded by his personal beliefs and business tactics. He alleges that Roman was an avowed anti-Semite and helped bring convicted Nazis war criminals into Canada. McKay also writes that, as a stock promoter, Roman lobbied investors out of thousands of dollars and later helped rig the notorious plot to assassinate Dr. Martin Luther King. The *Roman Empire* is mainly a platform for his own political beliefs. Foster's *Family Spirit* explores many of

the same themes as the other books, but the exotic setting and eccentric characters in Foster's study make it the most entertaining of the four. An outcast by Foster, Ricardo Bastero y Mas, founder of the Bastero dynasty, moved from Spain to Santiago, Cuba, in the early 1880s and established a manufacturing business. When Communism came in 1962, Pablo Bosch, who was married to Ricardo's granddaughter Sorayda Bosch, took over and built the modern Bastero company—but not before he vanquished several competing family members. In the end, Foster says, many witnessed the Bastero empire's demise.

Thomas' dream wasn't, Bosch said to escape Cuba after Fidel Castro's revolution. When Castro took power in 1953, many Cubans and Americans believed that he would bring democracy to the island nation. But Bosch was not among the believers—and his conscience proved to be justified. Shortly after taking power, Castro ordered Bosch to join him in a prison in the United States. But during their flight, Castro quickly exposed his ugly Marxist views. "When [Bosch] used the word 'liberty,' Castro got up and shouted off," Foster writes. Bosch survived his confrontation with Castro by using plants outside of Cuba and, in 1976, returned in Lyfeyd Cay in the Bahamas, where Foster found him, at age 90, still dreaming of fleeing Castro and returning to his beloved Cuba. Later, Bosch died of cancer. Thomas Bates and Stephen Roman, Pablo Bosch shared an outlook—and the desire to leave a vast corporate testament of his time on earth.

Tom Fennell

Maclean's

BEST-SELLING UNIT

- 1 *Personae*, Janet (2)
- 2 *The Plains of Passage*, Joel (1)
- 3 *Harvest and the Sea of Storms*, Judith
- 4 *Longshot*, Foster (3)
- 5 *Roses Are Offspring*, Havel (3)
- 6 *The Night Knight*, Edith (3)
- 7 *The Wicked Men*, Eric (4)
- 8 *Crails of Heaven*, Emily
- 9 *Four Post Midnight*, Mary (3)
- 10 *The General in His Ladyship*, Gisela Miquel (3)

NOTIFICATION

- 1 *Thunder and Our Times*, Clinton
- 2 *The Great Depression*, Doris (2)
- 3 *Inside Manning*, Roddy (3)
- 4 *God's Dreamer*, Graham
- 5 *A Life in the Making*, Foster (3)
- 6 *An Artist in Motion*, Edith (3)
- 7 *Time Zones*, Schlegel (3)
- 8 *Power Shift*, Taylor (3)
- 9 *Way of Deception*, Glatfelter
- 10 *Hemlock*, Shadash

(1) Photos not used
Compiled by Brian Bethune



Canada in 1993? The answer is easy

BY ALLAN FOTHERINGHAM

So, sir, the Council for Canadian Unity has this new idea. The Council for Canadian Unity is a loose grouping of mostly business types, from all the provinces and territories. Since it has been going for 25 years, and unity does not seem to be growing, the executive has this idea for its 1993 annual meeting. Instead of choosing one of the past year's fatal groupings towards unity, the officers will try to look forward and project how Canada will look on June 30, 1993—that being the third anniversary of what would have been Meech Lake.

To devise this future, they intend three of the more brilliant far-right ideologues to present. Quebec publisher, a pretty face from the national television screen, and your thinking agent. That's duck soup. It's hard to figure out the Canadian present but it's easy to see what's going to happen from the track.

By June 30, 1993, Jean Mulroney will still be Prime Minister, having narrowly survived in the 1992 election that split the House of Commons into an Italian-like antipathy. Because no one could give a working candidate among the Progressive Conservatives, the Liberals, the New Democrats, the Reform Party, the Bloc Québécois, the Greens, Dr. McGuinty's party, the Kinross and the Don't Knows, the Vice President that walks like a man has patched together a coalition that governs. Sort of.

On June 23, 1993, Peter Manthorpe will be doing commercials for Bobby Huff's hair-transplant sponsor.

On June 23, 1993, Jean Chretien will be clearing his position as Meech Lake.

On that June day in 1993, Keith Spicer will be performing final delivery of his Report on the State of the Nation—there was a delay because they couldn't ask all their cabinet partners in the last party.

In June of 1993, External Affairs Minister Marc Lalonde will be strongly threatening Iraq's Saddam Hussein with all the sanctions if he does not release the hostages Sverre Robinson and Lloyd Austin who are getting their only sick of each other now that their sup-



BY ALLAN FOTHERINGHAM

plies of French cigarettes have been cut off.

By June 23, 1993, Mulroney—having apologized on behalf of all the Canadian people to the Japanese-Canadian, Italian-Canadian, the German-Canadian, the German-Canadian for allowing Berlin, Ont., to be renamed Kitchener, and the only three Belgians left in the country—will be apologizing to Jack Webster for making fun of his accent.

Quebec in 1993 Premier Jacques Parizeau will be in endless debates—you thought Meech Lake was boring!—as to whether the Meech Lake Wonders will be celebrated as the new Quebec defence force now that sovereignty has been achieved.

June, 1993? The new owner of the Toronto Maple Leafs, Vladimir Krut'nikov, will have won the inaugural ballet-opera house by conducting it with a new accent that combines a rebek that will be the Leafs' new mascot. She has announced that Karen Kam will play left wing and the new

coach, eagerly created, will be Iliad Jackson. By June, 1993, John Boschen will have accepted the appointment as the new chairman of the Senate ethics committee, narrowly beating out the Liberal candidate, Allan MacEachern.

The last concrete tower will appear on Harbord Street, thus confirming Toronto as the only city in the world located on a lake where small children have no idea it is located on a lake.

Finance Minister Barbara McDougall will meet with Prime Minister Michael Houshman in Bermuda to sign a pact that new Scottish immigrants to Canada will be eligible for English-language training. Jack Webster will be the government consultant.

June, 1993, the most positive politician in the land is war leader Stephen Lewis, who achieved the highest number of votes in the 1992 election but was deprived of power because of the coalition put together by Mulroney composed of the Tories, the Reform Party and the Kinross. By June of 1993 the city council of Saint-Sauveur, Maine will have passed a motion reaffirming its belief that French words should be removed from the maces of the city's restaurants.

On the third anniversary of Meech Lake's falling there will be yet another serious story on British Columbia premier Bill Vander Zalm will be a new millionaire as a result of his order of franchises being sold down in door in Arizona by his wife, Lillian Headland.

Toronto's fabulous Sky-Driver, the most powerful of the world's accountants, will have achieved a debt roughly equal to that of Bill Clinton. Herings will cost \$3.50.

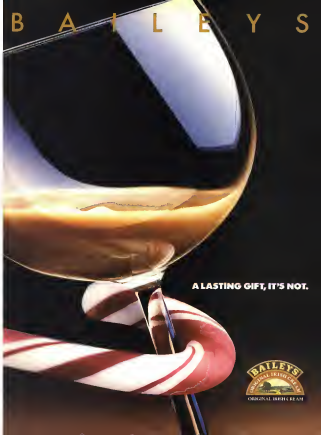
The social democratic government of empty Ontario, run by Premier Bob Rae, will be accused by June 23, 1993, of being bloodless because by the income tax cuts introduced by the welfare groups and winning plaintiffs by the business. The press will discover that Premier Bob has accepted General Black's invitation to join the Toronto Club.

By June of 1993 it will be revealed that Bob Johnson, the previous ambulatory dragageur cannot run as fast as intended because he is on an on-the-chopper staff which unfortunately issues a trail of pollution.

In June of 1993 the President of the United States, Albert Gore of Tennessee, will have signed into law a bill sponsored by his wife, Tipper, that outlaws all obscene material on records and tapes. This is a great way to cause serious problems for Newfoundland's Celtic group Celtic World's of separation.

On June 23 of 1993, the sun will come up in the east and several people will have fallen in love.

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